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REPORT
of
The Canadian Wheat Board

Crop Year 1935-1936





Report of The Canadian Wheat Board

To:

The HON. W. D. EULER,

Minister of Trade and Commerce,

OTTAWA, Canada,

With the appointment of Mr. John I. McFarland, Chief Commissioner, Mr. D. L. Smith, Assistant Chief Commissioner and Dr. H. C. Grant, Commissioner, which was announced August 14th, 1935, The Canadian Wheat Board commenced operations.

An Advisory Board composed of—

Mr. C. H. G. Short

Mr. P. F. Bredt

Mr. Sidney T. Smith

Mr. Lew Hutchinson

Mr. Robert McKee

Mr. Brooks Catton

Mr. L. C. Brouillette

was also appointed on August 14th, 1935.

A fixed price to the producer of 87½¢ for No. 1 Northern Wheat in store Fort William or Vancouver, was announced September 6th and on September 22nd prices for other grades of wheat were announced.

During September the Board completed arrangements with all elevator companies and grain dealers, licensed by the Board of Grain Commissioners, to act as agents for the Board in accepting delivery of wheat from the producers. The Board commenced to take delivery of wheat from producers on September 25th.

In September the Board opened offices in Calgary and Vancouver. The Board also took over the staff and office of Mr. Wm. H. Johnson, Jr., Montreal. Mr. Johnson had been Eastern Agent for the Canadian Co-operative Wheat Producers Limited.

On September 24th the Board announced they would pay storage charges from September 1st to September 30th on the wheat of any producer who had been holding it in licensed elevators for delivery to the Board. This step was taken to reimburse producers for the cost of carrying the wheat until the Board was in position to take delivery of it.

On December 3rd the personnel of the Board was changed, Mr. J. R. Murray, Chief Commissioner; Mr. G. H. McIvor, Assistant Chief Commissioner and Dean A. M. Shaw, Commissioner, being appointed to succeed Messrs. McFarland, Smith and Grant. From this time the Advisory Board ceased to function.

The policy by which the Board was thereafter guided in its operations was announced by the Minister of Trade and Commerce in the following statement issued on December 4th, 1935:

"The concentration of surplus stocks of wheat in Canada during the past few years has created an abnormal situation in the world wheat trade.

"Last June this situation was recognized by parliament as not being in the interests of Canada or her wheat producers, and the Dominion government desires to have our surplus restored to a normal basis. To accomplish this the Wheat Board will seek the good will and co-operation of the grain and milling trades in all importing countries.

"It is not necessary to have and there will not be any 'fire sale' of Canadian wheat, but it will be for sale at competitive values and will not be held at exorbitant premiums over other wheats."

On December 12th, the Board sent Mr. Cecil Lamont to the United Kingdom and Continent to inform the trade in importing countries as to the policies of the Board and to report to the Board on conditions existing abroad. The Board through Mr. Lamont attempted to interest the Millers' Mutual Association in Britain in a joint advertising scheme to promote the use of Canadian wheat, but were not successful in securing their co-operation.

In January, 1936, the Board decided that the division of sales as between wheat of the 1935 crop and the old wheat taken over from the Canadian Co-operative Wheat Producers Ltd., should be made in such a manner that the 1935 crop would be disposed of by July 31st, 1936 or soon thereafter. This was to ensure that no wheat of the 1935 crop would be carried over to compete with wheat of the new 1936 crop when it came on the market. The necessary division of sales was made at the end of each month, and each account credited with its proportion.

In February, the Board commenced an analysis of the trade between wheat importing countries and the principal wheat exporting countries with a view to ascertaining along what lines trade that would promote the sale of Canadian wheat might be developed. A large amount of useful information compiled since then has recently been presented to the Turgeon Royal Grain Inquiry Commission by Mr. Davidson, Secretary of the Board.

In March, the Board's holdings of cash wheat east of the lakes having been materially reduced, the Board closed its Montreal office and arranged with Mr. Wm. H. Johnson, Jr. to look after any further eastern business for the Board on a brokerage basis.

On March 18th, a Special Committee of the House of Commons was appointed to investigate and report upon the marketing of wheat and other grains. The Chief Commissioner appeared before this Committee at Ottawa between April 22nd and May 4th and supplied the Committee with all the

information they required in regard to the activities of the Board. On June 11th the Committee reported to the House of Commons, the report containing among other things the following statement:

"After a full examination of Mr. Murray and the records placed by him at the disposal of the committee, we are of the opinion that the course taken by the Board in the marketing of wheat was consistent with the intention of parliament in enacting the Wheat Board Act of 1935, and with the policy of the government to reduce the wheat surplus to reasonable proportions."

The Chief Commissioner on behalf of the Board, recommended to the Special Committee the appointment of a Royal Commission to investigate the production and marketing of Canadian wheat and other facts pertaining to the wheat problem. The Special Committee in turn made this recommendation in its report to the House of Commons.

On May 20th, Mr. G. H. McIvor, accompanied by Mr. H. Cockfield of Cockfield, Brown & Company, Ltd., Advertising Agents, Montreal, and Dr. W. F. Geddes, Chemist in Charge, Board of Grain Commissioners' Research Laboratory (the loan of whose services was secured from the Board of Grain Commissioners), were sent by the Board to visit the United Kingdom and Continent. The purpose of their visit was to secure first hand information on conditions in importing countries, and the effect of policies followed in marketing Canadian wheat, also to explore what might be done, particularly among bakers and consumers, to promote the use of Canadian wheat. These gentlemen returned to Canada early in July, having acquired a lot of valuable information. The information contained in Dr. Geddes' report in particular is of great value and contains serious warnings which should do something to arouse the people of Canada from the somewhat smug complacency with which they have assumed that Canadian wheat is of such superior quality that it will almost find a market for itself at premium prices over competing wheats from other countries. This report has been given to the Turgeon Royal Grain Inquiry Commission and Dr. Geddes has given evidence amplifying it before the Commission.

Following the survey made by Messrs. McIvor, Cockfield and Geddes, the Board have recently initiated a campaign in the United Kingdom to encourage the continued use of a large percentage of Canadian wheat in that market. To carry on this and other work, the Board in October appointed Mr. R. V. Biddulph as European Commissioner with headquarters in London, England. Mr. McIvor again went abroad at the end of October, 1936 to supervise the starting of this campaign and to follow up the work previously done in the creation of goodwill among British and continental millers and importers.

The final disposal of all odd lots of wheat of the 1935 crop was not accomplished until November, 1936.

The following table shows the total marketings of wheat at country stations in Western Canada during each month of the 1935 crop, also the deliveries by producers to the Wheat Board as reported by the Board's agents, the net sales, and the balance held by the Board at the end of each month:

Month	Total Country Marketings of 1935 Wheat by Producers	Deliveries to Board by Producers	Sales of 1935 Crop by Board	Balance of 1935 Crop Held by Board at End of Month
(POUNDS OMITTED)				
August — 1935	12,494,469	.....	.....	.....
September	73,176,510	3,033,090 (1)	3,010,714	22,377
October	59,999,556	60,756,387	4,795,729	55,983,034
November	21,043,204	38,977,378	4,771,225	90,189,187
Total to Nov. 30th	166,713,739	102,766,855	12,577,668	.....
December	14,217,784	14,874,984	28,151,146	76,913,025
January — 1936	3,203,079	3,827,414	17,283,814	63,456,625
February	2,093,398	2,414,656	10,839,742	55,031,539
March	7,169,262	6,777,478	16,485,789	45,323,227
April	4,620,329	4,735,585	16,766,532	33,292,281
May	5,506,446	4,891,082	16,037,111	22,146,252
June	8,745,930	8,936,938	20,720,772	10,362,418
July	4,003,406	1,515,234	9,846,891	2,030,761 (2)
Total Dec. 1st—July 31st	49,559,634	47,973,371	136,131,797	.....
TOTAL FOR YEAR	216,273,373	150,740,226	148,709,465	.....

- (1) The Board did not commence to take delivery of wheat until September 25th. More wheat than this was delivered by Producers in September to the Board's agents, but agents' reports did not reach the Board for a few days after delivery was made at Country points.
- (2) Sold prior to November 21st, 1936.

The Board's receipts of the principal grades of wheat from producers, and prices realized therefor, are shown in the following table:

Grade	(Pounds Omitted) Bushels	Gross Sale Price	Per Bushel Expense	Average Net Price	Fixed Price Paid to Producer
1 Hard.....	5,369,264	84.959	3.765	81.194	.89
1 Northern.....	25,998,983	84.138	3.765	80.373	.87½
2 Northern.....	20,182,013	81.919	3.765	78.154	.85
3 Northern.....	20,885,768	77.742	3.765	73.977	.81
4 Northern.....	15,841,993	73.524	3.765	69.759	.76
5 Wheat.....	12,403,917	65.415	3.765	61.650	.69
6 Wheat.....	7,850,512	58.393	3.765	54.628	.61
Feed Wheat.....	11,966,165	46.522	3.765	42.757	.50
No. 4 Special.....	3,916,399	66.488	3.765	62.723	.76
No. 5 Special.....	3,037,222	60.569	3.765	56.804	.69
No. 6 Special.....	3,715,950	55.253	3.765	51.488	.61
1 Amber Durum.....	702,799	79.389	3.765	75.624	.87½
2 Amber Durum.....	1,784,769	74.808	3.765	71.043	.85
3 Amber Durum.....	3,555,520	66.772	3.765	63.007	.81
1 C. W. Garnet.....	960,780	79.461	3.765	75.696	.82½
2 C. W. Garnet.....	2,684,887	77.425	3.765	73.660	.81
1 A. R. W.....	65,563	78.748	3.765	74.983	.82½
Other Grades.....	9,817,722	.....	.....	.....	.....
	150,740,226				

As the prices realized by the Board were less than the fixed prices which had in the first instance been paid to producers, there is no distribution to be made on the certificates issued to producers at the time they made delivery of wheat to the Board. It may be noted that from August 15th, 1935 to July 31st, 1936 there were 289 market days. On 69 of these market days One Northern wheat in store Fort William closed above 87½¢ and on 220 market days One Northern in store Fort William closed below 87½¢.

Deliveries to the Board by provinces were as follows:

	Northern Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba.....	3,809,567	19,500	8,145,419	16,903	11,991,390
Saskatchewan	72,289,404	2,740,186	2,446,449	5,153	77,481,192
Alberta	59,800,711	1,304,371	13,369	149,194	61,267,644
	<u>135,899,682</u>	<u>4,064,057</u>	<u>10,605,237</u>	<u>171,250</u>	<u>150,740,226</u>

Out of the total of 150,740,226 bushels of wheat received by the Board from producers—

65,652,482	bushels were shipped to Fort William
41,187,551	“ “ “ “ Vancouver
4,338,519	“ “ “ “ Churchill
582,083	“ “ “ “ Prince Rupert
761,044	“ “ “ by rail to United States
38,218,547	“ “ sold at interior points, to mills, and
<u>150,740,226</u>	<u>for seed purposes.</u>

Early in 1936 the Board assisted the Saskatchewan and Alberta Provincial Governments in securing the wheat they required for seed purposes in the drought areas of these provinces. This assistance was given by selling these provincial governments the amount of wheat they required at market prices when they wished to purchase, and also by arranging for country elevators who were acting as agents of the Board, to carry the necessary amounts of wheat in the different districts until it was required for seed.

In October and November, 1935 the Board shipped 1,726,000 bushels of wheat to Churchill from points in northern and western Saskatchewan. This wheat was carried in store at Churchill until navigation opened there in August, 1936.

In April, 1936 the Board arranged to hold about 2½ million bushels of wheat in country elevators in northern and western Saskatchewan for the purpose of shipment to Churchill as soon as navigation opened in the Hudson Bay. Eventually in July, August and September 2,612,505 bushels of this wheat was shipped to Churchill, and as a result 4,293,501 bushels of wheat was exported through Churchill this year. The largest amount exported through this port in any previous year was 4,049,877 in 1934.

The expenses of the Board chargeable to the 1935 crop from the commencement of operations up to November 21st, 1936, when the 1935 wheat crop operations were completed, were \$5,675,650.57. This amounted to 3.765 cents per bushel on the 150,740,226 bushels handled. The proportion of the Board's expenses chargeable to the 1935 crop was much greater than that chargeable against the wheat acquired from the Canadian Co-operative Wheat Producers Ltd. The Board's offices at Calgary and Vancouver were necessary only for handling 1935 crop and the staff required at the Winnipeg office for handling the immense amount of detail necessary to keep proper records with all grain firms acting as agents for the Board, and the records of every individual producer who delivered wheat to the Board, was much larger than the number required for handling the old wheat which was all in terminal elevators or in the form of futures contracts. The principal items making up these expenses were:

\$ 4,299,452.42	- -	Storage and carrying charges in country and terminal elevators.
629,358.04	- -	Interest and Bank Charges.
275,994.30	- -	Freight differentials, interior diversions and charges, etc.
470,845.81	- -	Administrative and General Expenses.
<u>\$ 5,675,650.57</u>	- -	Total

The month-end liability of the Board on the 1935 wheat crop account to the Dominion government, banks and agents of the Board, was as follows:

DEMAND LOANS AND LIABILITY TO AGENTS BY MONTHS 1935 CROP

1935	Demand Loans	Liability to Agents	Total
September 30th.....	\$ 1,436,170.13	\$ 869,947.86	\$ 2,306,117.99
October 31st.....	15,127,958.18	22,790,310.40	37,918,268.58
November 30th.....	19,884,430.40	37,706,387.52	57,590,817.92
December 31st.....	20,560,938.09	39,667,496.43	60,228,434.52
1936			
January 31st.....	16,443,982.91	37,531,855.97	53,975,838.88
February 29th.....	17,174,196.59	33,988,243.64	51,162,440.23
March 31st.....	21,020,531.15	30,269,597.44	51,290,128.59
April 30th.....	19,691,804.65	22,233,302.25	41,925,106.90
May 31st.....	18,451,252.98	12,722,393.10	31,173,646.08
June 30th.....	18,577,402.49	12,214,189.48	30,791,591.97
July 31st.....	18,121,033.48	4,682,237.54	22,803,271.02

The final accounts of the Board show a loss of \$11,858,104.18 on the 1935 crop.

WHEAT ACQUIRED FROM CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

In addition to the handling of such part of the 1935 wheat crop as producers might deliver to them, the responsibility of the Board as stated in Section 7, sub-section (f) and Section 8, sub-section (c) of the Wheat Board Act, was to acquire from the Canadian Co-operative Wheat Producers Ltd., all wheat and wheat contracts in respect of which the government of Canada had given a guarantee. The transfer of this wheat and wheat contracts from the Canadian Co-operative Wheat Producers Ltd., had not been completed by the McFarland Board. The transaction was effected in December and the new Board took over 205,186,980 bushels of wheat and wheat contracts which had been accumulated during the period 1930-1935. This, together with the 90,189,187 bushels of 1935 crop on hand at November 30th, 1935, and the 47,973,371 bushels delivered by producers to the Board between December 1st, 1935 and July 31st, 1936, made a total of 343,349,538 bushels of wheat and wheat contracts which it became necessary to reduce to more manageable proportions in the seven months before the new 1936 crops in North America and Europe would be coming on the market.

There has been criticism of the Board's selling policy since December, 1935, from some quarters. Just what these critics would have had to say if the United States had harvested anything like a normal crop on their large acreage of winter wheat planted in the fall of 1935, and if the promise of June, 1936, conditions in western Canada had been fulfilled, cannot now be known. It may be recalled that as late as June 23rd, 1936, one Canadian authority forecast a crop of 400 million bushels for western Canada, and on July 2nd, another well known forecaster estimated a crop of 380 million bushels. Conscious that we possessed no supernatural power which would enable us to forecast weather and crops many months in advance, the Board consistently adhered to a policy designed to reduce the Canadian surplus to reasonable proportions by the end of the crop year. It seemed obvious to the Board last winter that such was the only common sense policy to follow. It needed no special foresight to realize in January, 1936, that if crops in North America in 1936 proved to be large, then everyone would be thankful that a big reduction had been made in the Canadian carryover. If crops turned out poorly then this reduction in the surplus would have removed the greatest obstacle standing in the way of Canadian farmers getting a good price for their 1936 crop.

During 1935-36 crop year importing countries took the smallest amount of wheat on record since the war, world shipments of wheat and flour being only 514 million bushels. The most popular forecasts made by statisticians at the beginning of the crop year were that world shipments would be 540 million bushels.

The following table shows exports from different countries during the year:—

NET EXPORTS OF WHEAT AND FLOUR AND SOURCES OF SUPPLY — SEASON 1935 - 36

	Bushels
Canada.....	253,417,000
Argentina.....	69,419,000
Australia.....	100,220,000
Russia.....	28,362,000
Hungary.....	16,380,000
Algeria.....	9,792,000
Poland.....	6,746,000
Roumania.....	5,589,000
Fr. Morocco.....	4,817,000
Tunis.....	4,571,000
Portugal.....	3,601,000
Chile.....	2,293,000
Lithuania.....	2,124,000
Sweden.....	1,889,000
Latvia.....	1,543,000
Bulgaria.....	1,139,000
India.....	1,106,000
Others.....	1,275,000
Total	514,283,000

AUTHORITY:—International Institute of Agriculture, Rome.

NOTE—Smallest world wheat and flour shipments in post-war years.

A comparison of the Canadian visible supply for the crop years 1934-35 and 1935-36 is shown in the following table:—

THE VISIBLE SUPPLY OF CANADIAN WHEAT AT END OF EACH MONTH (Thousands of Bushels)

Month	1934-35	1935-36	Month	1934-35	1935-36
August.....	185,237	194,890	February.....	241,052	222,694
September.....	223,669	234,290	March.....	234,148	208,398
October.....	249,015	270,749	April.....	215,904	185,172
November.....	257,400	265,823	May.....	204,187	161,850
December.....	257,928	262,246	June.....	196,247	141,345
January.....	250,120	244,540	July.....	192,215	118,314

The following table shows monthly sales and amount on hand at the end of each month, of the wheat acquired from the Canadian Co-operative Wheat Producers Ltd., also the amount of 1935 crop on hand at the end of each month and the total of wheat and wheat contracts held by the Board at the end of each month:—

Month	Sales of Old Wheat	On Hand at End of Month—Old Wheat	On Hand at End of Month—1935 Crop	Total on Hand at End of Month
<u>1935</u>	(POUNDS OMITTED)			
September.....	.....	207,166,179 (1)	22,376	207,188,555
October.....	.....	205,333,128 (1)	55,983,034	261,316,162
November.....	.....	205,186,980 (1)	90,189,187	295,376,167
December.....	22,099,862	183,087,117	76,913,024	260,000,142
<u>1936</u>				
January.....	9,221,167	173,865,950	63,456,625	237,322,575
February.....	12,493,654	161,372,296	55,031,539	216,403,835
March.....	11,770,440	149,601,856	45,323,227	194,925,084
April.....	12,708,183	136,893,672	33,292,281	170,185,953
May.....	334,950	136,558,722	22,146,252	158,704,974
June.....	1,434,831	135,123,891	10,362,418	145,486,309
July.....	52,456,000	82,667,891	2,030,761	84,698,652

(1) Carried by Canadian Co-operative Wheat Producers, Ltd.

The expenses of the Board chargeable against the old wheat acquired from the Canadian Co-operative Wheat Producers Ltd., and covering the period from December 2nd, 1935 to July 31st, 1936 were \$4,922,558.58. The principal items making up this amount were:—

\$ 4,010,038.61	- -	Carrying Charges on Futures Contracts and Terminal Storage.
662,476.25	- -	Interest and Bank Charges.
250,043.72	- -	Administrative and General Expenses.
<u>\$ 4,922,558.58</u>	- -	Total

The month-end liabilities of the Board were as follows:

DEMAND LOANS AND LIABILITY TO AGENTS—1935 CROP; DEMAND LOAN IN RESPECT OF OLD WHEAT HOLDINGS, AND COMBINED TOTAL—BY MONTHS

<u>1935</u>	<u>1935 Crop</u>	<u>Old Wheat</u>	<u>Total</u>
September 30th.....	\$ 2,306,117.99	\$(x)	\$ 2,306,117.99
October 31st.....	37,918,268.58	.....(x)	37,918,268.58
November 30th.....	57,590,817.92	72,033,051.92	129,623,869.84
December 31st.....	60,228,434.52	60,135,586.12	120,364,020.64
<u>1936</u>			
January 31st.....	53,975,838.88	22,107,109.36	76,082,948.24
February 29th.....	51,162,440.23	22,991,934.40	74,154,374.63
March 31st.....	51,290,128.59	23,541,729.05	74,831,857.64
April 30th.....	41,925,106.90	22,822,956.93	64,748,063.83
May 31st.....	31,173,646.08	27,465,804.57	58,639,450.65
June 30th.....	30,791,591.97	16,182,953.89	46,974,545.86
July 31st.....	22,803,271.02	(4,468,863.99)	18,334,407.03

(x) Old wheat was being carried during this period by Canadian Co-operative Wheat Producers Limited.

In accordance with Section 8, sub-sections (e), (f), (g), all reports required by The Canadian Wheat Board Act and by the Minister have been furnished from time to time and where necessary certified to by the Auditors of the Board.

Respectfully submitted,

J. R. MURRAY
Chief Commissioner.

Winnipeg, Man.
December 28th, 1936.

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REPORT

of

The Canadian Wheat Board

Crop Year 1936-1937

Report of The Canadian Wheat Board

To:

The HON. W. D. EULER,

Minister of Trade and Commerce,

OTTAWA, Canada.

In our initial report last year we dealt with the handling and marketing of the wheat delivered by the producers from the 1935 crop, and also the marketing of the wheat acquired from Canadian Co-operative Wheat Producers Limited (termed "Old Wheat"), to 31st July, 1936.

As at that date we had a balance unsold of 2,030,761 bushels of 1935 crop wheat, which was disposed of prior to 21st November, 1936, and 82,667,891 bushels of Old Wheat, or a combined total of 84,698,652 bushels.

Our unsold wheat at 31st July, 1937, amounted to 6,964,000 bushels represented by futures contracts, which in the ordinary course of business would have been disposed of prior to that date.

Towards the latter part of the crop season it was apparent that Western Canada was again faced with a very small crop; in the Province of Saskatchewan, particularly, conditions were disastrous and it was obvious that seed wheat would be required over a very large area. After consultation with the Wheat Committee of the Cabinet it was considered expedient to retain the futures contracts referred to in order to exchange them for cash wheat suitable for seed requirements in that Province. By arrangement with the Government of the Province of Saskatchewan the wheat thus accumulated has been sold to them.

The liquidation of Old Wheat stocks was continued throughout the year under review until new crop prospects imposed a policy of exchanging our futures contracts for cash wheat to meet seed requirements. As at 31st July, 1937, the operations of the Old Wheat Account showed a surplus of \$25,485,526.66, as compared with a surplus of \$6,688,067.72 at 31st July, 1936.

The net results of the Board's wheat operations to 31st July, 1937, at which date the Board was holding 6,964,000 bushels of futures contracts against seed requirements for the 1938 crop, may be summarized as follows:

Profit on Wheat taken over from Canadian Co-operative Wheat Producers Limited at market prices of 2nd December, 1935.....	\$25,485,526.66
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Less:

Amount necessary to repay advance to Board by Dominion Government against estimated loss (figured at market prices of 2nd December, 1935) on Wheat taken over from Canadian Co-operative Wheat Producers Limited.....	15,856,645.35
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<u>Net Profit.....</u>	<u>\$ 9,628,881.31</u>
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Less:

Loss on Board Operations—

1935 Crop.....	\$11,858,104.18	
1936 Crop.....	49,574.88	11,907,679.06

<u>Net Loss as at 31st July, 1937.....</u>	<u>\$ 2,278,797.75</u>
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In accordance with Section 8, sub-section (a), of The Canadian Wheat Board Act, 1935, the Board, on 29th July, 1936, fixed a price to be paid to the producers for wheat delivered to the Board, subject to the approval of the Governor-in-Council, of Eighty-seven and One-half cents ($87\frac{1}{2}^c$) per bushel for No. 1 Northern at Fort William or Vancouver. On 28th August, 1936, this price was approved by the Governor-in-Council to become effective only if the closing market price for wheat dropped below Ninety cents per bushel for No. 1 Northern Wheat in store Fort William. During the period from 1st August to 28th August, 1936, the Board took delivery of 617,655-21 bushels of wheat from producers of which 559,663-47 bushels were subsequently returned to the producers, while 57,991-34 bushels were settled for at the open market price to producers who elected that alternative.

The price to be paid to producers for the 1937-1938 season was fixed on the same basis as in the previous season, namely Eighty-seven and One-half cents ($87\frac{1}{2}^c$) per bushel for No. 1 Northern Wheat, in store Fort William or Vancouver. As in the previous year, this price was approved by the Governor-in-Council to become effective only if the closing market price for wheat dropped below Ninety cents per bushel for No. 1 Northern, in store Fort William.

The following table shows monthly sales and amount on hand at the end of each month, subsequent to 31st July, 1936, of wheat acquired from the Canadian Co-operative Wheat Producers Limited:

<u>Month</u>	<u>Sales</u>	<u>On Hand at End of Month</u>
<u>1936</u>		
July 31st (as per previous report).....	.....	<u>82,667,891</u>
August.....	4,515,000	78,152,891
September.....	.....	78,152,891
October.....	3,272,000	74,880,891
November.....	11,239,891	63,641,000
December.....	9,150,000	54,491,000
<u>1937</u>		
January.....	7,753,000	46,738,000
February.....	7,005,000	39,733,000
March.....	8,345,000	31,388,000
April.....	12,360,000	19,028,000
May.....	6,124,000	12,904,000
June.....	5,940,000	6,964,000
July.....	<u>.....</u>	<u>6,964,000</u>

The expenses of the Board during the year, covering all administration and operating expense together with storage on wheat carried, amounted to \$330,567.69. This was, however, more than offset by revenue accruing from the switching of nearby futures contracts into contracts for deferred months. This revenue, together with interest earned on funds on hand, amounted to \$424,487.42, thus leaving a credit balance of \$93,919.73 after meeting all the Board's operating expenses in Canada. This latter amount was available to apply against the cost of the Board's London Office and advertising and promotion work in the United Kingdom, which amounted to \$205,279.56. The net cost, therefore, incurred by the Board during the year, in administration, marketing the balance of the wheat taken over from the Canadian Co-operative Wheat Producers Limited, and conducting its publicity campaign in the Old Country, was \$111,359.83.

The month-end liabilities of the Board were as follows:

DEMAND LOANS AND LIABILITY TO AGENTS—1935 CROP: DEMAND LOANS
IN RESPECT OF OLD WHEAT HOLDINGS, AND COMBINED TOTAL—BY MONTHS

	1935 Crop	Old Wheat	Total
	Dr.	Dr. (Cr.)	Dr. (Cr.)
<u>1936</u>			
July 31st (as per previous report).....	\$22,803,271.02	(\$ 4,468,863.99)	\$18,334,407.03
August 31st.....	\$16,408,218.50	(\$ 1,074,027.25)	\$15,334,191.25
September 30th.....	13,539,430.25	(9,227,300.46)	4,312,129.79
October 31st.....	11,769,496.64	(9,191,057.68)	2,578,438.96
November 30th.....	11,858,104.18	(12,761,107.72)	(903,003.54)
December 31st.....	11,858,104.18	(23,267,769.74)	(11,409,665.56)
<u>1937</u>			
January 31st.....	11,858,104.18	(18,503,708.57)	(6,645,604.39)
February 28th.....	11,858,104.18	(21,868,002.58)	(10,009,898.40)
March 31st.....	11,858,104.18	(29,356,861.27)	(17,498,757.09)
April 30th.....	11,858,104.18	(17,935,671.00)	(6,077,566.82)
May 31st.....	11,858,104.18	(16,565,545.20)	(4,707,441.02)
June 30th.....	11,858,104.18	(17,483,998.78)	(5,625,894.60)
July 31st.....	11,858,104.18	(17,478,117.43)	(5,620,013.25)

In April, 1937, an amount of \$8,000,000.00 was paid to the Minister of Finance for inclusion in the accounts of the Dominion Government for last year. This explains the large variation in the credit balances between the months of March and April, 1937, as shown in the foregoing statement.

The following table shows exports from the various countries throughout the season under review:

NET EXPORTS OF WHEAT AND FLOUR, AND SOURCES OF SUPPLY — SEASON 1936 - 37

	Bushels
Canada.....	194,174,000
Argentina.....	160,538,000
Australia.....	98,211,000
Russia.....	4,417,000
Hungary.....	24,873,000
Algeria.....	5,953,000
Poland.....	5,104,000
Roumania.....	37,580,000
Bulgaria.....	7,899,000
India.....	19,071,000
Czechoslovakia.....	9,117,000
Uruguay.....	3,347,000
Iraq.....	5,168,000
Turkey.....	4,690,000
Yugoslavia.....	18,250,000
South Africa.....	942,000
Iran.....	897,000
Others.....	1,964,000
Total	602,195,000

AUTHORITY:—International Institute of Agriculture, Rome.

A comparison of the Canadian visible supply for the crop years 1935-36 and 1936-37 is shown hereunder:

THE VISIBLE SUPPLY OF CANADIAN WHEAT AT END OF EACH MONTH

(Thousands of Bushels)

Month	1935-36	1936-37	Month	1935-36	1936-37
August.....	194,890	135,170	February.....	222,694	91,156
September.....	234,290	161,834	March.....	208,398	83,781
October.....	270,749	153,509	April.....	199,417*	72,228
November.....	265,823	128,660	May.....	168,567*	58,088
December.....	262,246	115,539	June.....	148,495*	45,651
January.....	244,540	101,376	July.....	120,114*	33,285

*Revised Figures.

AUTHORITY:—Dominion Bureau of Statistics.

As we reported last year, a large amount of useful information was compiled with respect to trade between wheat importing and the principal wheat exporting countries, for submission to the Turgeon Royal Grain Inquiry Commission. This was presented by Mr. C. B. Davidson, Secretary, and Mr. J. McAnsh, Statistician, of the Board. During the year under review the Board supplied all information and statements regarding its operations required by the Commission, and the members of the Board also appeared before the Commission, to give evidence with respect to these operations. In addition we also had to prepare statements showing the daily transactions of the Canadian Co-operative Wheat Producers Limited from September 1st, 1930, to December 2nd, 1935.

Reference was made in our report last year to the institution of publicity work to encourage a greater use of Canadian wheat in the United Kingdom. Under the direction of Mr. R. V. Biddulph, European Commissioner, who had associated with him Mr. Herbert Webb, an advertising executive of considerable experience, a campaign of nation-wide advertising was carried on, followed by regional campaigns throughout the United Kingdom. The aim of this work was to encourage the consumption of bread by advertising to consumers the merits of higher quality loaves, and the use by bakers of the stronger quality of flour necessary to make these types of bread. Nearly all the principal centres in England were covered intensively by regional campaigns. These campaigns were conducted in close co-operation with the baking industry and were timed to last for ten weeks in each area.

Customs and tastes vary in different parts of the Old Country, and each campaign was adapted to suit local conditions. The highest quality bread in England is sold under the names of "Vienna" and "Bloom" loaves. As both these loaves require a larger percentage of hard wheat flour than other types of loaf generally used, the Board's advertising was designed to encourage their increased use.

An important part of the campaign has been a motion picture showing the growing, shipping and handling of Canadian wheat, featuring Canadian scenes from coast to coast and emphasizing the high quality of Canadian wheat. This film is being shown under the auspices of millers, bakers, and the Co-operative Societies in large and small centres throughout the country. Twelve copies of the film are available on request and there are now bookings for its showing as far as seven months ahead, and requests for it continue to be received daily. It is estimated that nearly 500,000 people will have seen it before the end of this crop year.

The enthusiastic support given to this campaign by the baking trade in Britain, the favorable results they have experienced from it, and their desire for its continuation which they have urged strongly on us, is the best answer to the doubts expressed in some quarters as to the value of this publicity work. The cost is negligible when measured against the advantages of acquainting every member of the baking trade and the forty million consumers in Britain with the merits of the stronger flour which can be produced from Canadian wheat. The campaign has also created much general good will toward Canada which should be of great help in any campaign to promote the increased use of other Canadian food products in Britain.

Unfortunately, the amount of Canadian wheat available for the balance of this crop year must result in the proportion of Canadian wheat in the British millers' mix falling to a very low per cent. The Board's campaign, which is being continued on a modified basis, has been adjusted to this situation.

Following the resignation of Mr. J. R. Murray in July, 1937, Mr. George H. McIvor, Assistant Chief Commissioner, was appointed to succeed Mr. Murray as Chief Commissioner, and Mr. R. C. Findlay was appointed Assistant Chief Commissioner, with Dean A. M. Shaw continuing as Commissioner.

In accordance with Section 8, sub-sections (e), (f) and (g), all reports required by The Canadian Wheat Board Act and by the Minister have been furnished from time to time, and where necessary have been certified to by the Auditors of the Board.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner.

Winnipeg, Manitoba.
January 6th, 1938.

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REPORT

of

The Canadian Wheat Board

Crop Year 1937-1938

Report of The Canadian Wheat Board

To:

The HON. W. D. EULER,

Minister of Trade and Commerce,

OTTAWA, Canada.

In our report covering the operations of Season 1936-1937 we stated that the Board had fixed a price to be paid to the producers, for wheat delivered to the Board from the 1937 crop, of Eighty-seven and One-half cents ($87\frac{1}{2}\%$) per bushel for No. 1 Northern at Fort William or Vancouver, which price was approved by the Governor-in-Council, to become effective only if the closing market price for wheat dropped below Ninety cents (90%) per bushel for No. 1 Northern in store Fort William. Since the closing market price was higher than this figure throughout the season under review, no deliveries were received by the Board.

At the beginning of the crop season, 1st August, 1937, the Board had an unsold position of 6,964,000 bushels of wheat futures contracts, representing the balance of the wheat and wheat contracts (termed "Old Wheat") acquired from the Canadian Co-operative Wheat Producers Limited in December, 1935.

As stated in our previous report, these contracts, in the ordinary course of events, would have been disposed of prior to the beginning of the crop season. However, due to disastrous crop conditions, particularly in the Province of Saskatchewan, it was apparent that seed wheat would be required over a large area, and it was therefore considered expedient to retain the contracts for the purpose of subsequent exchange for the physical wheat for seed purposes. By arrangement, the contracts referred to were disposed of to the Government of the Province of Saskatchewan, the consideration being the average futures closing market price for the period from 1st August, 1937 to 28th February, 1938.

This transaction completed the marketing of the "Old Wheat" acquired by the Board, and it is of interest to note that since the inception of the Board in August, 1935, to July 31st, 1938, total sales of 355,927,206 bushels of wheat have been completed, of which 150,740,226 bushels represented deliveries by the producers to the 1935 Board and 205,186,980 bushels represented "Old Wheat" acquired from the Canadian Co-operative Wheat Producers Limited.

The net results of these operations to 31st July, 1938, may be summarized as follows:

Profit on Wheat taken over from Canadian Co-operative Wheat Producers Limited at market prices of 2nd December, 1935.....	\$24,809,988.42
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Less:

Amount necessary to repay advances to Board by Dominion Government against estimated loss (figured at market prices of 2nd December, 1935) on Wheat taken over from Canadian Co-operative Wheat Producers Limited.....	15,856,645.35
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<u>Net Profit.....</u>	<u>\$ 8,953,343.07</u>
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Less:

Loss on Board Operations:

1935 Crop.....	\$11,858,104.18	
1936 Crop.....	49,574.88	11,907,679.06

<u>Net Loss as at 31st July, 1938.....</u>	<u>\$ 2,954,335.99</u>
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In accordance with arrangements made with Honourable J. G. Taggart, Minister of Agriculture for the Province of Saskatchewan, the Board undertook to purchase the seed wheat requirements of his Government. This wheat was purchased and stored at the country elevators and interior terminals until the necessary information as to requirements, by locations, could be determined, when the Board arranged for the transportation of it

to its ultimate destination. Subsequently the Board agreed to act in a similar capacity for their spring seed and feed requirements of coarse grains, and for the seed wheat and oats requirements of the Government of the Province of Alberta; also for the purchase and transportation of seed oats for the Government of the Province of Quebec.

Altogether a total of 15,659,462 bushels of grain was handled for these purposes by the Board.

The wheat seed purchases for Saskatchewan included all suitable Thatcher wheat available, and this wheat, with its rust-resistant qualities, amply demonstrated its value in the rust areas where it was sown, and where other varieties were wholly or partially destroyed by rust. It is anticipated that from the resultant crop there will be sufficient Thatcher wheat available for the 1939 crop for the seed requirements of the entire rust areas.

In co-operation with the Board of Grain Commissioners for Canada, the Board acquired and arranged for the handling and transportation of approximately 24,000 bushels each of Thatcher and Coronation wheat to the United Kingdom for milling test purposes. The services of Mr. R. V. Biddulph, European Commissioner for the Board, were made available to Dr. W. F. Geddes of the Research Laboratory of the Board of Grain Commissioners, under whose direction these tests were conducted. The necessary arrangements for milling were made by Mr. Biddulph with Messrs. Jos. Rank Limited, the English Co-operative Wholesale Society Limited, and the Scottish Co-operative Wholesale Society Limited, eight thousand bushels of each variety being forwarded to their mills in London, Manchester and Leith, for this purpose.

The Board desires to acknowledge and to express its appreciation of the splendid services and co-operation rendered by the three companies referred to, their milling officials and chemists, in respect of these tests.

The expenses of the Board during the year, covering all administration and operating expenses, amounted to \$175,704.98.

Against this figure we had a revenue of \$140,704.98 covering our costs incurred in the handling of the seed and feed for the three Provinces mentioned, and from interest earned on funds on hand, leaving the Board's actual administration expenses for the year, in Canada, of \$35,000.00. In addition, the cost of operations of the Board's London Office for advertising and promotion work in the United Kingdom amounted to \$154,495.06.

LONDON OFFICE

In October, 1936, Mr. R. V. Biddulph was appointed European Commissioner of The Canadian Wheat Board, with the principal duty of promoting the use of Canadian wheat overseas. This work was curtailed during the period of small exportable supplies of Canadian wheat but was again extended as soon as it became apparent that the 1938 crop would be near-average in size and that Canada would encounter keen competition in disposing of its surplus.

NEWSPAPER ADVERTISING

The keynote of the Board's publicity campaign in Great Britain is the local daily and weekly newspaper. After a careful survey of the entire situation it was evident that the Board's publicity efforts could only succeed if they received the whole-hearted support of the baker. It was concluded that newspaper advertising in local dailies would be the most valuable aid that the Board could possibly give him. The Board's advertising has therefore appeared in ninety-three daily newspapers throughout England, Scotland and Northern Ireland.

It might be well to point out that neither the English public nor bakers buy Canadian wheat as such; the baker buys it in the form of flour and the public buys it in the form of bread. Our approach, therefore, to the question of increasing the amount of Canadian wheat consumed in Great Britain had, of necessity, to be indirect. Customs and tastes vary in different parts of the old country and each campaign is adapted, as may be necessary, to suit these local conditions.

South of England and Wales: In London, and parts of the South of England and Wales, it was found that certain types of bread, although well established, were not enjoying the wide sale they deserved. These breads, known as the Vienna loaf and the Bloom loaf, being baked in a draw plate oven, could not be made without a strong flour. Any increase in the sale of these particular types of loaves would therefore result in a better demand for strong flours, which in turn would redound to the benefit of Canadian wheat. Our advertising in the South of England has been concentrated on these particular types of loaf. The bakers' demands for display material advertising both Bloom and Vienna bread indicate the very definite appreciation on the part of the baker of our efforts to promote their increased sale.

North of England and Northern Ireland: In the North of England and Northern Ireland the various bakers' associations asked the Board to help them raise the standard of quality. In this part of the country our advertising was built around the theme "Buy the Best Bread Always", coupled with the slogan "The Better the Wheat the Better the Bread".

Scotland: As Canadian wheat has enjoyed a favourable market in Scotland for many years, our problem there is a relatively simple one. That is to say, not much could be expected in the way of increased sale of wheat through promotion activities for the simple reason that the people of Scotland use as much as they possibly can. Every effort is being made to retain this important market.

The Board's advertisements in Scotland have featured the theme of the good bread of Scotland, pointing out that the Canadian wheat with which it is made was grown by their kinsmen on the Canadian prairies. The story of the Selkirk Settlers, who first broke the sod of Western Canada and laid the foundations of the present wheat industry, has also been emphasized.

Consider Your Baker: As a final bond between the Board and the baker we have, in some areas, interspersed our Quality theme advertising with a series of advertisements devoted to the slogan "Consider Your Baker". In this series of advertisements we tell the public the exacting nature of the task the baker performs and the public service he renders. Because these advertisements are in the nature of a compliment to a calling little known or understood by the public, the British bakers welcomed this particular series.

Master Bakers' Associations: All responsible British bakers are members of local Master Bakers' Associations, which are, in turn, federated in a National Association. These groups have an important and influential status in the trade, and it is therefore the Board's invariable custom to discuss the proposed advertising in each locality before it is finally released. These meetings also afford an opportunity of explaining to local bakers the nature and extent of the Wheat Board's promotional efforts. In each of the ninety-three communities in which Board advertising has appeared it has been preceded by the active goodwill of the local Master Bakers' Association.

ASSISTANCE TO DEALERS

There has been an extraordinary response to the offers of display material and folders stressing the advantages of Canadian wheat. Recipe and menu cards are also distributed, together with blotters to stimulate the interest of school children. Display cards have been specially prepared for vans and barrows, and these are widely used.

A new booklet entitled "The Aristocracy of Canadian Wheat" has been recently prepared, describing how the plant-breeders of Canada are using the good qualities of such varieties as Red Fife and Marquis to produce still better wheats which are of high strength and rust-resistant.

Film Service: In the Board's publicity policy it was agreed that a documentary film telling the story of Canadian wheat would have an important place. When this decision was reached in the summer of 1937 it was then evident that if the film was to be valuable during the following autumn and winter there would be no time to film one specially for the purpose. Therefore, a three-reel film, pieced together from different sources, was made in Canada and given the title "Beyond the Sunset".

This film was pleasantly instructive in geography and endeavoured to show why the climate and soils of Western Canada produced strong high quality wheat. It was offered to British bakers for showing to their customers. That is to say, the baker approached one of his local church or fraternal organizations and suggested that if they would provide a hall he would, through the courtesy of The Canadian Wheat Board, provide projector, operator and film for a ninety-minute entertainment. Under this plan the Board would secure the right type of audience for the film and the baker would secure some local advertising. These film shows would cement the goodwill between the baker and the Board, and lead to greater interest in strong wheat and good bread.

The Board has just completed a new and very much superior film entitled "The Kinsmen" which is now in circulation, and all the old prints of "Beyond the Sunset" have been turned over to the Imperial Institute, so that it will get wide and excellent circulation for some time to come in the United Kingdom.

Publicity such as that now being carried out by The Canadian Wheat Board in Great Britain is essentially a long term effort, the results of which are not always immediately apparent. Because of the indirect approach, that is to say, because the consumer does not buy wheat but bread, the objective must be the cumulative building of goodwill with the miller, baker and consumer. It must, therefore, be considered as gratifying that such evidence of goodwill and definite desire to co-operate has been shown after only the second year of the campaign.

Apart from the continuous promotional work, there has been a real need of a London Office while the marketing of the crop is in the hands of the Board. This has necessitated the constant flow of up-to-date information on other countries' crops, programmes of Governments, and general market information, all of which has been of good service to Canada. The large millers of England, and even of the Continent, are continually in touch with the London Office, offering and seeking the latest information.

Following the resignation of Dean A. M. Shaw in July, 1938, Mr. W. Charles Folliott was appointed to succeed Dean Shaw as Commissioner.

In accordance with Section 8, sub-sections (e), (f) and (g), all reports required by The Canadian Wheat Board Act, and by the Minister, have been furnished from time to time, and where necessary have been certified to by the Auditors of the Board.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner.

Winnipeg, Manitoba.
January 31st, 1939.

REPORT

of

The Canadian Wheat Board

Crop Year 1938-1939

Report of The Canadian Wheat Board

To:

The HONOURABLE W. D. EULER,

Minister of Trade and Commerce,

OTTAWA, Canada.

In the crop year of 1938-1939 The Canadian Wheat Board resumed active participation in the handling of the western Canadian wheat crop. A fixed price of Eighty cents (80¢) per bushel for No. 1 Northern in store Fort William, to be paid to the producers for wheat delivered to the Board, was announced August 4th, 1938. This price, together with the prices announced subsequently for the other grades of wheat, was approved by the Governor-in-Council. The first sales were made on the futures market on August 8th.

Surplus Conditions—1938

The operations of The Canadian Wheat Board in the crop year 1938-1939 were carried out under world-wide surplus conditions. The world wheat production of 1938 reached a new record level, about half a billion bushels above the previous record production of 1928. Abundant yields in European importing countries, such as the United Kingdom, France, Italy and Germany, enabled restriction of imports until the need for security stocks became an offset as the year progressed. The four Danubian countries produced about 100 million bushels more than in 1937; Argentina produced a tremendous crop of over 336 million bushels, which taxed her storage and port facilities; Australia had a moderate crop of 154½ millions, but the United States crop of 932 millions was the largest since 1931. The Canadian production of 350 millions was the largest crop since 1932. Under such conditions there was keen competition for the limited available markets, and Canada's main competitors—Argentina and the United States—employed subsidy methods in an endeavour to dispose of their surpluses.

Canadian Wheat Exports

Early in the crop year the estimates of probable import demand made by the usual authorities were distinctly low and pessimistic. It was estimated that Canada would have net exports of only 140 to 145 million bushels, whereas the actual figure realized was 165 million bushels, being 25.7 per cent of the world net exports approximating 643 million bushels (the highest total in seven years), or 33.4

per cent of the net exports of the four major exporting countries. The carry-over of Canadian wheat in Canada, at July 31st, 1939, was 95 million bushels, and a further 7 millions were held in United States positions. The world carry-over was nearly doubled during the year, rising from about 600 to 1,100 million bushels.

Continued Surplus Conditions—1939

The continuation of generally favourable growing conditions over most of the world wheat areas in 1939 kept the surplus conditions in the forefront of the market to the end of the crop year in July, 1939. As the Food Research Institute stated in its September, 1939, Wheat Studies (Vol. XVI, No. 1):

"From late May to mid-July, estimates of prospective wheat supplies for 1939-40 were revised upward almost week by week. Now estimated at 5,290 million bushels, the indicated total appears to be of record size, roughly 150 million bushels larger than in 1938-39."

In countries where reduced 1939 crops seemed probable, such as the United States, France, Germany and Argentina, there were plentiful carry-overs from the previous year to offset deficiencies. The only crop scare sufficient to stimulate buying came in April and early May of 1939, when the United States winter wheat crop suffered a serious set-back. Political uncertainties were the principal influence to the initiation of wheat purchases, and most importing countries set aside security stocks as an addition to normal purchases.

Board Selling Policy

Throughout the year the policy of the Board was to sell wheat at every reasonable opportunity, when there was demand for it. In reviewing the sales day by day, it is clear that the largest sales were made as demand became apparent. The Board was handicapped by market uncertainties from the outset. From August 11th on there were various rumours regarding a subsidy on exports of United States wheat and flour, which became an actuality on August 26th for wheat and on September 7th for flour, under the Federal Surplus Commodities Corporation.

In the period up to early September there were small deliveries to the Board, and sales kept up relatively well. During that period prices were descending gradually as the market adjusted itself from a shortage to a surplus position. Beginning September 9th the European political situation again became a serious market factor, creating new problems for the Board because of its influence upon deliveries which up to that time had not reached any great volume. It was realized that if the situation developed into war there was a possibility that prices might rise to a level above the Board fixed

price, and a continuation of the normal selling policy might leave the Board in an over-sold position. If the situation eased, heavy deliveries could be anticipated, with a downward trend in market values. It was decided to take advantage of the demand thus created, and good sales were made during the month. The peace plan became general knowledge on September 28th, and the Munich Agreement was signed on the 29th.

Autumn Sales

During the first half of October, various rumours regarding the amount and effectiveness of the United States subsidy created uncertainty and bearish sentiment. Sales of Board wheat continued on a moderate scale up to October 29th, after which there was a sharp market break due to tenders of United States wheat on Liverpool contracts, purchases of Roumanian wheat by the United Kingdom, and low speculative offers of new crop Argentine wheat for January/February shipment. There was a period of very slack demand and consequent low sales in early November, with United States and Roumanian wheat being pressed for sale at low prices. On November 7th the November future fell to 56½ cents. Export demand revived on November 9th and continued active under erratic but generally advancing prices until the 18th, and fair sales were made in this period. There followed a period of less active markets and lower prices. Demand strengthened again at the first of December, and sales were heavier under rising prices until about December 12th. On December 2nd the United States announced a subsidized sale of 20 million bushels to the United Kingdom, and cancellation of its subsidy on flour exports to that country.

A new period of market weakness began on December 13th and lasted until the 21st, carrying the December future to 59⅛ cents. The Argentine crop estimate of 316 million bushels, on December 17th, helped in this decline. Cold weather in Europe from December 17th to 22nd, the United States estimate of their 1939 winter wheat crop at 485 million bushels, and drought in India were offsetting factors, and there was resultant activity in the market from December 22nd to 28th, making good sales possible.

Winter Sales

The month of January, 1939, brought good export business and steady selling as the United States relaxed its subsidy programme and Argentina held to a restricted selling policy, despite large supplies. The disturbed political outlook in Europe increased demand for security stocks.

The Board made good sales in mid-February and the latter part of March, but there were many inactive markets during these two months. The Liverpool market was particularly weak as selling

pressure from Argentina and Roumania increased. Political uncertainty in Europe was a market factor throughout March. The strong British policy toward Poland increased nervousness.

Spring Conditions

Both sales and prices showed an improvement in April, the underlying factors being the uncertainty regarding the European outlook and drought in the United States hard winter wheat area. Despite heavy rains in western Canada, which improved new crop prospects, these conditions continued throughout the month of May, and the market absorbed substantial sales at higher prices.

Price Decline in July

As the new crop steadily improved with good rains during June and part of July, there was difficulty in making sales without aggravating the decline in prices. Towards the middle of June, and again in the period from June 27th to July 6th, the market, stimulated by political tension and unfavourable weather in the United States southwest, absorbed good quantities of wheat. On July 7th another period of price decline started, the July future falling from the close of 58½ cents on July 6th to 49½ cents on the 24th. During this period sales of Board wheat were very small, the Liverpool market was very weak, registering all-time lows, and Canadian export business was limited. Damage reports on the Canadian crop, about the 25th of July, stimulated new export business, and sales improved up to the end of the crop year.

SUMMARY OF YEAR'S OPERATIONS

During the crop year ended July 31st, 1939, the Board received practically all the wheat delivered by the farmers in the west. Total receipts amounted to 292,574,748-35 bushels, and net sales of wheat up to the same date amounted to 206,035,194-41 bushels.

The Board's unsold position as at the close of the season was 86,539,553-54 bushels. In accordance with the Board's usual policy the disposal of this carry-over will, if possible, be completed during the present crop year on the basis of advance allocations, in conjunction with the new crop sales.

The following table shows deliveries by producers to the Board, as reported by its Agents, net sales, and unsold stocks held by the Board at the end of each month:

	Deliveries to the Board by Producers	Net Sales of 1938 Crop by the Board	Balance of 1938 Crop Held by the Board at End of Month
1938			
August.....	5,496,346-20	8,670,880-50	(3,174,534-30)
September.....	118,500,422-50	28,329,807-45	86,996,080-35
October.....	92,221,341-35	17,050,931-35	162,166,490-35
November.....	27,669,600-05	17,454,699-25	172,381,391-15
December.....	11,443,174-35	25,525,422-41	158,299,143-09
1939			
January.....	4,682,983-20	20,226,434-10	142,755,692-19
February.....	2,580,585-00	12,927,032-55	132,409,244-24
March.....	5,398,489-30	15,076,609-45	122,731,124-09
April.....	5,094,177-20	20,843,356-00	106,981,945-29
May.....	4,462,553-30	16,088,556-29	95,355,942-30
June.....	5,452,896-25	14,304,819-10	86,504,019-45
July.....	9,572,178-05	9,536,643-56	86,539,553-54
Total For Year	<u>292,574,748-35</u>	<u>206,035,194-41</u>	

As a matter of interest, a comparison of the Canadian visible supply for the crop years 1937-1938 and 1938-1939 is shown in the following table:

THE VISIBLE SUPPLY OF CANADIAN WHEAT AT END OF EACH MONTH

(Thousands of Bushels)

Month	1937-38	1938-39	Month	1937-38	1938-39
August.....	49,764	66,091	February.....	47,362	146,695
September.....	74,810	153,471	March.....	44,509	140,894
October.....	74,484	178,442	April.....	41,744	134,916
November.....	62,573	170,655	May.....	29,602	115,864
December.....	57,378	169,087	June.....	25,906	103,794
January.....	53,433	159,969	July.....	19,709	96,604

Deliveries to the Board by provinces were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba.....	29,166,201-15	21,106-35	15,002,733-35	15,640-05	44,205,681-30
Saskatchewan	108,165,947-55	5,451,571-20	2,016,350-35	19,417-05	115,653,286-55
Alberta.....	112,690,151-00	19,104,220-30	13,670-55	907,737-45	132,715,780-10
	<u>250,022,300-10</u>	<u>24,576,898-25</u>	<u>17,032,755-05</u>	<u>942,794-55</u>	<u>292,574,748-35</u>

Out of the total of 292,574,748-35 bushels of wheat received by the Board from producers, the ultimate disposition was as follows:

* 190,893,414-14	bushels were shipped to Fort William/Port Arthur
49,285,660-30	“ “ “ “ Pacific Coast
4,829,019-30	“ “ “ “ Churchill
47,566,654-21	“ “ sold at interior points, to mills, and
292,574,748-35	for seed purposes

* 6,721,270-20 bushels of this quantity were subsequently transhipped to Eastern Ports by the Board.

The month-end liability of the Board on the 1938 wheat crop account to the banks and Agents of the Board, was as follows:

DEMAND LOANS AND LIABILITY TO AGENTS BY MONTHS 1938 CROP

	Demand Loans	Liability to Agents	Total
1938			
September 30th....	\$19,639,815.31	\$55,263,312.15	\$ 74,903,127.46
October 31st.....	48,286,435.27	54,205,504.53	102,491,939.80
November 30th....	50,080,487.24	49,116,998.35	99,197,485.59
December 31st.....	53,985,094.55	42,115,315.86	96,100,410.41
1939			
January 31st.....	57,241,737.15	38,187,230.50	95,428,967.65
February 28th.....	58,501,132.87	35,532,667.30	94,033,800.17
March 31st.....	61,155,470.03	34,492,132.00	95,647,602.03
April 30th.....	65,531,367.56	28,716,541.56	94,247,909.12
May 31st.....	70,496,361.48	14,330,775.11	84,827,136.59
June 30th.....	71,591,660.59	10,406,471.70	81,998,132.29
July 31st.....	79,861,837.64	10,322,319.25	90,184,156.89

Based on sales made to date and on valuations of remaining stocks at market prices there will be a substantial loss in handling the crop. The amount of this loss will not be known until all the wheat is sold.

Churchill

For the first time in the history of this port, outward shipments were arranged from the new crop produced in 1938. This was possible largely because of the exceptionally early harvest in the area tributary to Churchill. Shipping instructions to country elevators were issued on September 3rd, and the wheat moved to its destination in time to complete loadings of the ocean vessels between September 26th and October 6th. The total amount thus shipped was 916,912-40 bushels, and further shipments were then arranged to fill up the elevator for winter storage.

Pacific Coast

Throughout most of the year values at Fort William/Port Arthur were higher than those prevailing at the Pacific Coast. This price advantage increased as the season continued, especially for the lower and Garnet grades. Every effort was made to stimulate sales at these ports, and sufficient wheat was stored in the terminals and tributary country areas during the season to provide for any possible demand. Unfortunately demand was influenced by the European situation, which undoubtedly gave preference to the eastern seaboard and St. Lawrence River ports, since purchases were largely confined to these nearby positions. Despite these abnormal conditions, Pacific Coast wheat shipments were 39,470,915 bushels as compared with 10,946,332 bushels for the previous season.

Distribution of Rust-Resistant Varieties

As in previous years, the Board assisted the Saskatchewan and Alberta provincial governments in securing the wheat they required for feed and seed purposes, and arrangements were made to provide farmers with rust-resistant wheat in exchange for wheat of commercial grades. No Producers' Certificates were issued on wheat delivered in exchange for rust-resistant varieties, and a total of 896,621-20 bushels was thus exchanged. Sales were made to the two Governments at market prices for relief seed and feed wheat, and every assistance rendered to facilitate its distribution. A further quantity of 214,718-45 bushels, under the Dominion/Provincial seed policy, was exchanged for certified seed.

Conferences

During the year every possible effort was made by the Board to promote an improved understanding of the problems of the wheat exporting countries. Several meetings were arranged with United States authorities in which discussions were held involving the respective wheat situations of the two countries. In April and May a conference took place in London of the Preparatory Committee of the Wheat Advisory Committee, in the hope of arriving at some satisfactory attack on the recurring problems of surplus wheat. This conference was attended by the Chief Commissioner and Mr. R. V. Biddulph, the European Commissioner of the Board. On May 16th the conference was recessed to enable the various delegates to communicate with their Governments, and reconvened on July 10th. The European Commissioner was also one of the Canadian representatives at the second meeting, and it was possible to report some progress toward agreement before the outbreak of war stopped negotiations.

Use of Government Terminals

In addition to the wheat shipped to Churchill, the Government interior terminals were used as much as possible for the storage of Board wheat, and shipments, particularly of Durums, were made to the Government terminals at Port Colborne and Prescott.

LONDON OFFICE

The third complete year of the Board's advertising and publicity campaign to stimulate an increased demand for Canadian hard wheat in Great Britain was one of marked progress. Primarily its purpose was to create a consumer demand for better bread and to secure the bakers' co-operation in providing a better loaf.

Millers' Mutual Association

Prior to the inauguration of the Board's campaign the Millers' Mutual Association, whose membership comprises all the important English millers, were advertising extensively in an effort to increase the consumption of bread in the United Kingdom. Their campaign was built around the slogan "Bread for Energy", while the Board's publicity was designed to foster a demand for better bread, which would ultimately result in an increased percentage of Canadian wheat in the manufacture of flour and an increased demand for Canadian flour.

It was obvious that active co-operation in the operation of the two campaigns, with such similar objectives, was desirable, and this was recognized by the Millers' Mutual Association, whose President and Publicity Director met with the London representative of the Board during July to discuss plans for such co-operation. Unfortunately the war intervened to halt what would undoubtedly have been an important step forward.

Bakers' Co-operation

The bakers were quick to realize the value of the Board's publicity for "Quality Bread", and co-operated wholeheartedly in furnishing certain types of loaf which came within this category. There has been a gratifying demand for the display material provided, and marked evidence of an increasing interest in the campaign by the bakers.

Newspaper Advertising

The advertising programme, through the daily and weekly newspapers, was designed to secure the co-operation and goodwill of the bakers by creating consumer demand in their own neighborhood, and this has proved most effective, its value being quickly recognized by the Master Bakers' Associations.

The advertising appeared in approximately one hundred newspapers throughout England, Scotland and Northern Ireland, and the advertisements were carefully prepared to suit each community and to give every assistance to the local bakers whom it was primarily intended to aid. The "Consider Your Baker" theme has been particularly effective, and they in turn have responded splendidly in promoting the sale of quality bread such as the Bloom and Vienna loaf, which has been especially featured in all the advertising. These loaves require a large percentage of flour made from Canadian wheat; in the case of the Bloom loaf about 60 per cent, and in the case of the Vienna loaf at least 75 per cent. We feel that as a result of the campaign there has been an increasing demand for better bread in the United Kingdom. Under the requirements of the Food Ministry, during wartime all home milled and imported flour is being manufactured according to a fixed standard, and therefore any assessment of the value which has resulted from such a campaign is subject to these requirements.

Film Service

The Board's second film, "The Kinsmen", was filmed in Canada, and like its predecessor, "Beyond the Sunset", was released only through bakers in the United Kingdom. It is a story of life on the Canadian prairies and its reception and success has exceeded our greatest hopes. Before being released for public showing a preview was given in London, on January 17th, before an audience comprising the officials of Canada House, headed by the Honourable Vincent Massey, British Government officials, members of the Baltic Exchange, and a representative group of millers and bakers. The response was most gratifying, the film being considered as well above the average, and the demand for it from that time resulted in its being presented to 614 audiences up to July 31st, under the sponsorship of the local bakers, who thus secured much valuable local advertising and goodwill.

The value of this part of the Board's campaign has been amply demonstrated by the enthusiastic reports received by the Board from the bakers and others, following these showings.

Special previews were given in Paris for French Government officials and millers, also in Holland and Belgium to similar groups, and arrangements were being concluded with French Gaumont for the showing of the film in the picture theatres throughout France and Belgium, at no cost to the Board, when war intervened.

In our previous report we pointed out that publicity work such as that undertaken by the Board in the United Kingdom was essentially a long-term effort, the results of which are not always

immediately apparent, and it was with this knowledge in mind that the publicity policy was instituted. In our opinion the results obtained have amply justified the campaign, and it is therefore unfortunate that when it was beginning to show such progress it has been necessary to discontinue this work, but we do not feel that its value will be lost.

At the outbreak of war our European Commissioner, Mr. R. V. Biddulph, assumed an entirely different role, that of liaison officer between the Board in Canada, the Cereals Control Board, the Cereals Purchasing Committee and the Ministry of Food in Great Britain. The value of our London Office has been amply demonstrated over the last four months, for without this important medium of contact between ourselves and the responsible officials of the British Government, particularly those connected with the Ministry of Food, the difficulties of the Board would have been substantially increased. This office will continue to be an important factor in the co-operative effort that is so necessary in respect to wheat during the period of the war.

In accordance with Section 8, sub-sections (e), (f) and (g), all reports required under The Canadian Wheat Board Act, and by the Minister, have been furnished from time to time, and where necessary have been certified to by the Auditors of the Board.

Respectfully submitted,

Winnipeg, Manitoba,
December 29th, 1939.

GEO. McIVOR,
Chief Commissioner.

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REPORT

of

The Canadian Wheat Board

Crop Year 1939-1940

REPORT
of
The Canadian Wheat Board

Crop Year 1939-1940

Report of The Canadian Wheat Board

To:

The *HONOURABLE JAMES A. MACKINNON*,

Minister of Trade and Commerce,

OTTAWA, Canada.

In the crop year 1939-1940, The Canadian Wheat Board was again concerned with the marketing of a high proportion of the Canadian wheat crop. The outbreak of war brought many new problems and the rapid changes in the general situation caused a nervous wheat market throughout the year. Policies had to be flexible to meet the changing conditions.

Amendments to The Canadian Wheat Board Act, 1939

During the 1939 session of Parliament, The Canadian Wheat Board Act was amended in several important respects:

1. A section was added limiting Board purchases of wheat to 5,000 bushels from any one producer in any one crop year, with the further provision that the aggregate of Board purchases from any one farm or group of farms operated as a unit must not exceed 5,000 bushels in any one crop year. Penalties were provided for infractions of this limitation.

2. The fixed initial price was established under the amendment at 70 cents for No. 1 Northern at either Fort William/Port Arthur or Vancouver. Previously, it was the responsibility of the Board to determine the initial price with the approval of the Governor in Council, and this price was only on a Fort William/Port Arthur basis. In 1935-36 and in 1938-39, by regulation, the Board included Vancouver on the same basis as Fort William/Port Arthur.

3. The previous Section 14, whereby the Governor in Council could approve of the extension of the provisions of the Act to oats, barley, rye or flax was repealed.

A new Section 14 was substituted, providing that the provisions of the Act shall apply *mutatis mutandis* to wheat produced in the Eastern Division, the initial price to be fixed by the Board, with the approval of the Governor in Council.

These amendments were assented to on June 3rd, 1939 and came into force on August 1st, 1939. Consequently, the Board issued regulations to govern the 5,000 bushel limitation on July 28th. An office was established in Toronto to handle Ontario wheat and Mr. L. S. Johnston was appointed Manager. On July 15th the initial price of No. 1 grades of Eastern winter wheat was approved by Order in Council at 70 cents per bushel, basis Montreal export rail freight rates. On July 27th, the prices of other grades were approved by Order in Council.

The price of the basic Western grade, No. 1 Northern, being fixed by statute, the Board has only to fix the initial prices of other grades, with the approval of the Governor in Council. This was done by Order in Council of August 11th. The Board is always handicapped by the necessity of fixing the spreads before the crop is mature. This handicap was especially severe in 1939. At the time the spreads were fixed, the Board shared the widespread opinion that the hot weather had reduced grades considerably. This did not materialize. The possibilities of damage were over-estimated and the weather changed to permit normal filling. The late Alberta crop also matured without significant frost damage. Thus the Board spreads on the lower grades were generally too wide relative to No. 1 Northern.

Administration of the 5,000 Bushel Limitation

Full advertisement of the regulations of the Board under the 5,000 bushel limitation (Orders in Council P.C. 2072 and 2280) was made in all the western newspapers and farm periodicals and by large posters in the country elevators. Inspectors were employed to assist in administration and to check infractions. The Board also employed Mr. A. L. Dyker, a solicitor, to supervise the legal matters. Fine co-operation from the Royal Canadian Mounted Police was secured.

Despite every attention, however, the new section was found most difficult to administer and enforce. Some of these difficulties arose from the phrasing of the statute, which was claimed to be ambiguous. Other difficulties resulted from the virtual impossibility of settling questions as to what actually constitutes a farm or farm unit. There developed a fairly common misunderstanding that each producer (as defined in Section 2(d) of the Act), whether landlord, tenant, etc., was entitled to deliver 5,000 bushels of wheat to the Board. It was difficult to dislodge this belief. Then, when the market price rose above the Board price for a six-month period, it was hard to convince anyone that the Board or the Government had suffered through over-deliveries. The question whether or not distinction should be made between inadvertent and deliberate over-deliveries was also a perplexing problem. When the minimum trading levels were established in the futures market, the producers with over 5,000 bushels were deprived, for a long period, of a market for any considerable quantity of their excess wheat.

Change in Board

On October 26th, 1939 Mr. C. Gordon Smith of Winnipeg was appointed Assistant Chief Commissioner of the Board. Mr. R. C. Findlay assumed the position of Comptroller.

PROGRESS OF SALES

In the following pages, a month-by-month account of the Board's sales and policies is given, in the light of war developments and other events.

August, 1939

The first week of the month was a period of good export business and rising prices. Good sales were made on August 2nd and 4th as demand was stimulated by pessimistic crop reports and tension in the Far East.

The second week was entirely different as demand and prices fell steadily with general rains and moderating temperatures. On August 12th and again on August 15th, the price of No. 1 Northern was down to 51¼ cents. No sales of futures were made in the period August 8th to 14th inclusive.

On August 16th, increased tension over Danzig caused a change in market sentiment and initiated a sharp rise in prices. Good sales were made on August 16th, 18th and 19th. On August 21st, disturbing European events brought in a large export business, with prices rising over 3 cents and bringing No. 1 Northern up to 56¾ cents. Large sales were made during this session and moderate sales on the three following days as the price rise continued. On August 24th a sale of 5 million bushels was made to the British Food (Defence Plans) Department* on the basis of the close of the December future at 62¼ cents. On August 25th and 26th, the market fell sharply on hopes of a peaceful settlement and the December future closed at 57¼ cents on August 26th. No sales were made in the futures market on August 25th and 26th and only moderate sales on August 28th. A second sale of 5 million bushels was made to the British Food (Defence Plans) Department based on the close August 29th, with No. 1 Northern at 56 cents and No. 2 Northern at 52½ cents. The purpose of these purchases by the United Kingdom Government was to have security reserves stored in Canada; subsequently, war developments led to the export of this wheat from Canada. An exchange of notes between

* Before the outbreak of war, United Kingdom purchases for security reserves were handled by the Food (Defence Plans) Department. Machinery and personnel were prepared in the event of war and when war materialized, all imported wheat purchases were placed under the Cereals Import Committee of the Ministry of Food. In June, 1940 this became the Cereal Imports Branch of the Ministry of Food.

the United Kingdom and Germany had made the political situation more hopeful at this time. No sales were made in the futures market on August 29th and 30th and only moderate sales on August 31st, as the situation in Europe became more disturbing again.

September, 1939

War broke out between Germany and Poland on September 1st, and on September 3rd, Great Britain and France declared war against Germany.

It should be pointed out here that the position of the Board was not at all clear at this time. At September 2nd, we had total holdings of 89½ million bushels of wheat, most of which was 1938 crop. Purchases of 1939 wheat in the country for the account of the Board were 30 million bushels, against which sales of over 9 million bushels had been made. If market prices rose far above the Board fixed price of 70 cents, the chances were that the Board would not receive much more wheat. Our selling policy, therefore, had to be related to these factors.

The futures market price advanced 5 cents on September 1st, 2nd, 5th and 6th, a Sunday and Labour Day intervening on the 3rd and 4th. A five-cent advance or decline in price was the limit permitted by the Winnipeg Grain Exchange for any one day. Between September 1st and 6th inclusive, we sold about 2½ million bushels. The market closed on September 6th at 79 cents for the October future, with No. 1 Northern at 79½ cents. About a million bushels were sold on September 7th, as the October future closed at 81¼ cents, ending the four-day period of five-cent advances.

After a meeting of the Cabinet Wheat Committee and The Canadian Wheat Board in Ottawa, on September 5th, it was announced that the futures market would not be closed, for the present. On September 7th, the Minister of Trade and Commerce issued the following statement to the press on the market alternatives open to Canadian farmers:

"The Honourable W. D. Euler, M.P., Minister of Trade and Commerce, announced today the Government's decision that, for the present, the Winnipeg Wheat Market would not be closed. It was felt that it would not be in the producers' interest, nor in the national interest, to close the market now. He emphasized that the producers who so desired could to the extent of 5,000 bushels deliver their wheat to The Canadian Wheat Board, at the fixed minimum price of seventy cents for No. 1 Northern, Fort William-Port Arthur or Vancouver, and secure participation certificates entitling them to share in any additional price secured upon the sale of wheat delivered to the Board. He pointed out further that any gains made by the Wheat Board on the 1939 crop could not and would not be used to offset losses on the

1938 crop. In addition to this, producers could deliver their wheat in excess of 5,000 bushels to pools operating under the Wheat Co-operative Marketing Act, obtain an initial payment of fifty-six cents for No. 1 Northern, Fort William-Port Arthur, and share in any additional price obtained by these pools. Another alternative is that the producer can sell his wheat on the open market.

In Ontario, the farmer has the alternative of selling his wheat on the market, or delivering it to The Canadian Wheat Board and securing an initial price and participation certificates, the same as in the West."

The Board encountered criticism especially from the mills for not selling wheat more freely in the first few days after the outbreak of war. From the figures quoted above, it will be seen that the Board controlled only a small proportion of the marketable supply of wheat at this time. If the price remained around the 80 cent level, it was unlikely that the producers would make further deliveries to the Board.

To reduce speculative dealings, the Winnipeg Grain Exchange raised the margin necessary for such transactions to 30 cents per bushel on September 7th.

The market broke on September 8th, 9th and 12th, and only minor Board sales were made in this period. As the price recovered with export demand on the 13th and 14th, sales were increased. During this period and for some time to come, the British Government was preparing the machinery for purchase and establishing credits, and was not buying wheat in Canada.

Neutrals bought wheat extensively in the Winnipeg market, particularly on September 13th and on the next few days. Good sales were made during the period September 13th to 16th inclusive. The dry weather in the United States Southwest and the breaks in sterling and the Canadian dollar were other market factors.

Trading in the Winnipeg futures market was limited on September 16th and for some days following by the uncertainty surrounding the formation of the Foreign Exchange Control Board, which caused temporary withdrawal of United States traders from the market.

On September 17th, Russian troops entered Poland and began to drive westward.

A period of declining prices began on September 16th and continued with little interruption until September 29th, during which time the October future fell about 9 cents to 69½ cents. Good sales were made in the first stages of this movement, particularly on September 19th to 21st, but no sales were possible in the latter stages from September 23rd to 29th inclusive. On September 20th, Broomhall reported that 20 per cent. of Canadian wheat, exclusive of Garnets,

was to be permitted in the British mill mix. On September 30th, twenty-five boats arrived in Montreal for convoy. The market rose 2 cents during this session and small sales were made. Peace rumours were recurrent until September 30th, when the firm reply of Britain and France to Germany was made public.

As the market fell toward the Board fixed initial price, deliveries to the Board increased. In the period from August 1st to September 30th, the Board country receipts were about 186½ million bushels compared with 45 millions in the period from August 1st to September 2nd. The farmers held large quantities of wheat on storage tickets, waiting to see if the market would present opportunities for sale above the Board initial price level.

October, 1939

The Board was now in a much better position to embark on a selling program, but the opportunities were somewhat limited in the first two weeks of October. Sales were about a half-million daily in this period. The futures market was usually dull and narrow, with export demand limited and peace overtures continuing.

During the second half of October, a greatly improved export business made larger sales possible. Drought in the United States Southwest and unsatisfactory moisture conditions in the prairie provinces were price-strengthening factors, but buying methods precluded any price advance for the time being and the market hovered around the 70 cent level. Deliveries to the Board continued at a brisk rate. The Canadian visible supply had risen to 349 millions at October 31st, and while congestion developed in the West, preparations were made to ship large quantities into eastern position for winter requirements. Actual overseas clearances continued disappointing.

November, 1939

Except for days like November 2nd, 3rd, 4th, 8th, 15th, 16th, 18th, 27th and 28th, heavy sales were not possible during November. The market continued around the 70 cent level until near the end of the month, when it began a sharp rise. Bullish reports from the United States Southwest continued, and at times their markets were quite buoyant. The Canadian crop turned out to be larger than was at first predicted. Farmers who had been holding wheat on storage tickets made larger deliveries to the Board. The embargo on shipments to the Lakehead, which had been in effect since October 17th, was removed on November 18th.

The Canadian delegation headed by the Hon. Mr. Crerar, and including the Chief Commissioner of The Canadian Wheat Board, had arrived in England on October 28th, and continued discussions with

British authorities throughout November and part of December. As a result of these discussions, a better understanding was reached between the Board and the Cereals Import Committee as to methods of operation necessary to meet the changed conditions brought about by the war. The deliberations were cordial and helpful.

Most of the buying done by importers during this period was on the basis of exchange of the future, that is, the price was not fixed until the futures were purchased. The importers' bids on the covering futures were kept at or below the market, so there was little incentive to price increase. The overseas movement of Canadian wheat became brisker and large quantities were put in eastern position for winter export.

Deliveries of wheat to the Board continued in heavy volume as long as the market price remained around the Board initial price. At December 1st, total marketings of wheat in the West had amounted to 348.8 million bushels. Of this amount, 311.5 millions had been purchased from the producers by agents of the Board. The remaining amount of 37.3 millions had been partly sold on the open market, partly to the pools operating under the Act to Encourage the Co-operative Marketing of Wheat, or was being held on storage tickets in the hope of a later rise in the market. Of the 311.5 millions of Board wheat, 182.8 millions had been delivered to the Board at terminals, and 128.7 millions were still held in the country elevators.

Heavy shipping losses continued during the month, and ocean freight rates rose to very high levels.

On November 20th, it was announced that revised regulations of the Foreign Exchange Control Board would come into effect on December 1st. Since these new regulations would permit trading by non-residents, it was hoped that broader futures markets would result.

Damaging frosts occurred in Argentina on November 23rd to 27th. Their effect was not considered seriously at the time, although private estimates fell about 40 million bushels in the latter part of the month. Wet weather interfered with seeding in parts of Europe. In North America, drought persisted over both the winter and spring wheat belts.

The market was broader in the last four days of November, but particularly on November 27th and 28th when heavy sales were made by the Board. There was a large export business on both days, mostly to the United Kingdom. The strained relations between Russia and Finland, culminating in the invasion of Finland on November 30th, were also a market factor. Some speculation also entered the market to aid the upward tendency. The December future closed the month at 75¼ cents, and No. 1 Northern at 75¼ cents.

December, 1939

War and crop news was considered bullish as the month of December opened. The Russian entry into Finland began a new phase of the war. Dry weather persisted in the North American wheat areas, and pessimistic reports on the new Argentine crop were confirmed by the estimate of 165,375,000 bushels issued by the Argentine Grain Elevator Board on December 4th. On December 7th, Broomhall estimated the Argentine crop at only 136 million bushels. On December 5th, the average of the private estimates of the United States winter wheat crop was only 389 million bushels.

The first sales of real consequence for the month were made on December 5th, 6th and 7th, as export and domestic mill demand improved. The December future at Winnipeg closed at 81 $\frac{3}{8}$ cents on December 7th. It sagged to 79 $\frac{5}{8}$ cents on December 11th, and only minor sales were possible on December 8th, 9th and 11th. As the price moved up to the 80 cent level and higher, producers diverted their deliveries to the open market and Board purchases fell sharply. A higher-than-expected official estimate of the Australian crop at 182.5 million bushels, issued on December 11th, also helped to stop the advance.

Active and higher markets from December 12th to 18th permitted fairly large sales. Strong advances were made on limited export business, mostly done with neutral countries. On December 16th, the United States Tariff Commission was asked to investigate the possibility of Canadian wheat imports, arising out of the fact that United States prices were rising faster than Canadian. At the close of the market, on December 18th, December wheat at Winnipeg had risen to 87 $\frac{1}{4}$ cents, with No. 1 Northern at the same figure.

A downward price tendency began on December 19th. Export and public interest declined, and peace rumours unsettled the markets, particularly on December 22nd. General precipitation fell on December 23rd in the United States Southwest. Only minor sales were possible in the period of price decline from December 19th to 23rd.

Between Christmas and New Year's, there was an improved export demand that made good sales possible. A private estimate of the Argentine crop of 114 million bushels, made on December 29th, was considered bullish, but large shipments from that country continued. On December 30th, the United States flour subsidy was discontinued, except to the Phillipines. The Winnipeg December future closed the year at 85 cents.

Deliveries to the Board slowed up notably during December, when prices rose well above the Board's initial payments. Total marketings rose 15.2 millions from 348.8 to 364.0 million bushels during the month, and of the latter total, 317.3 million bushels had been sold to the Board, an increase of 5.8 million bushels during the month.

January, 1940

With the New Year, there began a long period in which sales were practically limited to the days when the United Kingdom Cereals Import Committee accepted the exporters' offers. Efforts were made to have this business spread out rather than concentrated on single days. These efforts were not successful, so it was necessary for the Board to make large sales on infrequent occasions.

Over the winter months the combined demand from neutrals, domestic mills, and speculators was little more than sufficient to cover the hedging of farmers' wheat sold on the open market. In most of the market sessions, Board sales could only have been effected at the expense of a lower price level. With the potential export and domestic demand fairly well known, there was no object in forcing sales beyond the quantity that could be absorbed by this demand.

There was a tendency for the Winnipeg market to follow Chicago, but with narrower swings. The United States markets were naturally more influenced by domestic factors, particularly the fortunes of the winter crop.

Some concern was expressed in the United States that Canadian wheat would enter the United States over the 42 cent tariff, and their Tariff Board considered limiting imports of Canadian wheat. Others considered this improbable because of the large quantity of loan wheat (about 150 million bushels at the year end) that would be sold whenever prices reached an attractive level. This latter view proved to be the correct one, and the limitations possible under the Agricultural Adjustment Act were not put into effect. The Canadian price level, of course, was affected by our huge surplus estimated at 463.8 million bushels. This made a sharp contrast in the wheat positions of the two countries.

The first market session of the New Year uncovered a strong demand that permitted Board sales of $1\frac{3}{4}$ million bushels. A good export business the next day permitted sales of about three-quarter million bushels. Then a few days of sagging markets intervened as good snows fell in the United States Southwest and export demand continued poor. On January 10th, the Cereals Import Committee of the United Kingdom entered the market for large quantities of Canadian wheat, and Board sales were nearly 25 million bushels. There were further sales of about $1\frac{1}{2}$ million bushels on the following day. Fair sales were made on January 15th, 17th and 18th, but the remainder of the month, excepting January 24th, when three-quarter million bushels were sold, was featured by slow demand, falling prices and little opportunity to make sales.

On January 16th and 17th, the Board sold wheat to exporters at Vancouver, which subsequently turned out to be for shipment to Vladivostok. When the news came to the public, there was considerable criticism of such sales to the U.S.S.R. Before the boats could clear, the Canadian Government established a permit system for exports to countries contiguous to enemy countries and, since permits for shipment to Vladivostok were refused, the wheat did not leave Canada.

Intense cold weather in Europe began about January 23rd, raising fears of crop damage. There was also a cold spell in the United States winter wheat belt, which caused concern.

The Winnipeg May future, which had closed on January 2nd at 90½ cents, ended the month at 84¾, down 6¼ cents. The Chicago market was even weaker, losing 10½ cents in the same period. The outward movement of Canadian wheat through Canadian and United States ports continued briskly during the month and the visible supply fell steadily.

February, 1940

February was a month of improved demand, higher prices, and larger Board sales. After the Winnipeg May future hit a low of 84 cents on February 1st, prices began an irregular advance to a high close of 90½ cents on February 22nd. There were recessions in the last week of the month, but the May future closed on February 29th at 89 cents, regaining most of the January loss.

Fair sales were made in the first week of the month on limited export business. Markets were buoyed by reports of crop damage in Europe, political tension in the Balkans, and unfavourable weather in the United States Southwest. Sales of nearly 2½ million bushels were made on February 12th, the demand arising from these reports of crop damage. Another cold wave began in Europe about this time. There was a good demand for Canadian Durums on February 10th, 13th and 14th.

On February 16th, there was a large export business in Canadian wheat, permitting Board sales of nearly 4½ million bushels. Another 2 million bushels were sold on the following day. Good sales were also made in the following week, on February 19th to 23rd, as the price trend continued upward. Another large sale of over 4 million bushels was made on February 28th, mostly to the United Kingdom.

There were several features of the market during February. Shipping losses were heavy and ocean rates inclined to increase. Confirmation of winter damage to European crops was forthcoming.

On February 21st, the British Ministry of Food asked millers to include 60 per cent. of Manitobas in their grist. The liquidation of loan wheat continued in the United States, acting as a brake on their prices.

March, 1940

Limited demand and a narrow price range characterized the month of March. There was little opportunity for Board sales, except on March 14th and 16th, when the Cereals Import Committee entered the market for sizable amounts, and on March 20th, when a sharp price advance of $1\frac{3}{4}$ cents enabled the Board to dispose of over 2 million bushels. There were only six other market days in the month when daily sales above 300,000 bushels could be made.

Export business was poor throughout the month, the business with neutrals being endangered by submarines and threats of German invasion.

The Russo-Finnish war was ended by a peace agreement on March 13th. In the following days, there were continued rumours of more general peace discussions, which unsettled the market. Prime Minister Chamberlain's speech of March 19th, and the formation of a new French Government on March 21st, ended these rumours.

On March 8th, the French reserve supply of wheat was announced as $73\frac{1}{2}$ million bushels. A large crop in India was also forecast. The only offset was the confirmation of reduced acreages and crop prospects in Europe.

During the month, moisture conditions in the United States Southwest continued to improve. On March 13th, the United States export subsidy was extended to Pacific Coast wheat. On March 19th, their Intentions to Plant report indicated a 10 per cent. increase in spring wheat acreage to a total of 19,425,000 acres.

April, 1940

During the first three weeks of April, the market improved appreciably. The Winnipeg May future, which had closed on Saturday, March 30th, at $88\frac{5}{8}$ cents, rose to $91\frac{1}{8}$ cents by April 20th. On April 1st, 9th and 16th, the Cereals Import Committee entered the market, enabling sales of about 27 million bushels by the Board. Other sales in small amounts were made on several other days, such as April 4th, 5th and 13th. Active commission house buying and good export business on April 18th permitted Board sales of about three-quarter million bushels. In the last week of the month, the market was very narrow and weak.

The war fronts moved to the north on April 9th, with the invasion of Denmark and Norway by Germany. British troops landed in Norway on the 15th, but the steady encroachment of the Nazis

over the country took away another market for Canadian wheat. As this became apparent to traders, price levels sagged, beginning about April 25th.

News on the United States winter wheat crop was more pessimistic at the beginning of April, dust storms and high temperatures being reported frequently. Heavy hedging of loan wheat hindered the advance of prices. On April 10th, the United States Department of Agriculture estimated the winter wheat crop at 426,215,000 bushels. Good rains fell in the Southwest on April 23rd, 26th and 29th, to improve crop prospects.

Argentine prices gave an independent show of strength on good sales to the United Kingdom, Spain and Holland. Their remaining stocks were now regarded as very small.

Unfavourable crop reports continued from Europe. On April 16th, Roumania prohibited wheat exports except in fulfilment of previous contracts. Russian seeding was reported as backward.

On April 19th, the Indian wheat crop was estimated at 389,648,000 bushels, about 43 millions above the previous year's figure. Offers of Indian wheat for July shipment were reported on April 27th.

The Winnipeg May future closed the month at 88¾ cents, practically unchanged from the closing figure of the previous month. Large sales of cash wheat were made during the month, and from the official opening of Lake navigation on April 25th, a heavy movement of wheat into eastern and seaboard positions began.

May, 1940

May was a crucial month involving the German invasion of the Low Countries and consequent sharp declines in wheat prices. Sales on the futures market were only possible on May 4th and 10th, and in small amounts.

The progress of the war was the dominant market factor. On May 2nd, the Allies began to retire from Andalsnes, Norway, and concentrated the fleet in the Mediterranean, disturbed by Italian intentions. Tension continued in the Balkans and Low Countries, and on May 10th the actual invasion of Belgium and the Netherlands began. There was an active market on that day, permitting Board sales, before the realization of lost markets and the liquidation of wheat on passage to the invaded countries took effect. The decline began on May 11th and was aggravated on May 14th, 15th and 17th, when the price steadied around 70¾ cents for the May future. The German invasion spread into France on May 15th, and both Winnipeg and Chicago registered limit declines of 10 cents on that day. The market

firmed on May 16th, but fell another $4\frac{1}{2}$ cents on May 17th as the German advance continued and brought stop loss orders and further liquidation against outstanding contracts with the invaded countries.

At midsession on May 18th, after prices had been down the 10-cent limit (to a low of 60 $\frac{3}{8}$ cents on the May future) and had recovered, the Board, after telephone consultation with the Minister of Trade and Commerce, asked the Winnipeg Grain Exchange to forbid trading in wheat futures below the closing prices of Friday, May 17th, namely, May 70 $\frac{3}{8}$, July 71 $\frac{3}{8}$ and October 73 $\frac{3}{8}$ cents. The Winnipeg Grain Exchange immediately posted a notice implementing the Board's request, to become effective from the opening of the market on May 20th. Prices then made a further recovery to trade at 69 $\frac{1}{2}$ cents for the May future. On the following Monday, the Board reached Ottawa to consult the Government. On this day, minimum prices were also established in United States markets. There was some price recovery on May 20th, with good export and mill business reported, the Winnipeg May future closing at 72 $\frac{3}{8}$ cents. The market continued erratically higher until May 29th, despite German advances and surrender of the Belgian army on May 28th. The capture of Narvik, Norway, by the Allies on May 29th raised some hopes, but as the Allied troops became practically surrounded in Flanders, evacuation was begun from Dunkerque. The Winnipeg May future ended the month at 73 $\frac{5}{8}$ cents.

While interest was centered on the war, the new crop progressed steadily and prospects were bright at the end of May. The United States spring wheat prospects were also very good, and the winter wheat crop showed an almost miraculous improvement from its earlier condition.

On May 31st, the Board completed a sale of 50 million bushels of October futures to the United Kingdom Cereals Import Committee.

June, 1940

The Winnipeg futures market turned erratically downward in the first half of June, but continued trading above the minimum levels until June 20th. No sales of futures were made by the Board during this period. There was considerable non-Board wheat for sale. Trading at the pegged levels continued until June 26th, the first day when no trades were recorded. Minimum prices were fixed for cash wheat and the elevator companies stopped buying wheat at country points, except for the Board account.

The German advance into France continued in the early part of June and on June 10th, Italy declared war on the Allies. Paris fell to the Germans on June 14th and an Armistice was requested on June

17th, which was implemented on June 25th. The only other vital war news of the month was the start of intense bombing of Britain on June 22nd.

The Canadian spring wheat crop continued to progress favourably during the month, with timely rains and showers in most districts. Upward revision of estimates of the United States winter wheat crop continued. Their spring wheat began to suffer from drought in the middle of the month, reducing very favourable prospects. Broomhall reported an improvement in European crop prospects, but most countries still showed declines from the 1939 yields. War damage to growing crops was described as important.

July, 1940

The Winnipeg futures market rested on the minimum prices for the entire month of July. Trading was light but there were only a few days without some activity. As a result of the changed market conditions, however, deliveries to the Board were renewed in volume. In fact, the movement of grain became so heavy that the railways had to limit car loadings and then, on July 23rd, embargo shipments to the Lakehead.

As far as market effect was concerned, interest centered more on the growing crops than on the war. German air raids on Britain and submarine attacks on shipping continued throughout the month, but there was no land warfare to command attention. The movement of wheat from the Black Sea through the Mediterranean ceased as naval activity extended.

While the Board was in Ottawa working with the Government on revised legislation for the handling of the new crop, negotiations were begun for the sale of 100 million bushels of wheat futures to the United Kingdom. (This sale was completed and the announcement made in both countries on August 8th.)

Export sales of cash wheat to the United Kingdom continued steadily during the month. Upon selling the cash wheat, the exporters covered with the Board by taking equivalent amounts of futures from the 50 million bushels previously sold to the Cereal Imports Branch of the United Kingdom Ministry of Food. Canadian flour was also bought in quantity in the same way.

During the first part of July, the western Canadian crop suffered some set-back in southern areas as a result of limited rainfall and high temperatures. General showers between July 6th and 11th and moderating temperatures helped the northern areas particularly. When the Government condition report for June 30th was issued on July 10th, it

was interpreted by private observers as indicating a yield of 422 million bushels. Ideas on the crop were scaled down to between 350 and 400 millions in the first part of July, then turned rapidly upward as rains and showers began on July 18th and continued throughout the month, rendered more effective by moderate temperatures. Crops in west-central Saskatchewan and central and northern Alberta recovered remarkably.

The United States Northwest was not so fortunate and the continued drought in that area reduced a fine spring wheat prospect. Rains delayed the United States winter wheat harvest, but yield estimates were placed steadily higher, completing a wonderful recovery.

Broomhall reported some improvement during the month in central and southern Europe, with further deterioration in Scandinavian countries. The long spell of dry weather continued in Australia, but the Argentine crop progressed normally, although bothered by heavy rains.

Pacific Coast

Early in the season, the Board gave consideration to the question of storage and sales of wheat at Pacific Coast ports. With vessel space scarce and expensive, there was every indication that the movement out of Pacific ports would not be heavy. On the other hand, the Board was required by the Act to pay for Alberta wheat on the basis of freight rates to Vancouver. There was a large crop in Alberta and little hope of handling it without serious congestion, unless some of the wheat at the higher differential freight rate points were shipped west. With these main points in mind, the Board made an agreement with the terminals at Vancouver, New Westminster and Victoria, contracting for space to store about 16 million bushels to July 31st, 1940, for an amount which was about equal to half the regular storage rate. On October 6th, the Board began ordering wheat to Vancouver, Victoria and New Westminster terminals. The elevator at Prince Rupert was filled later and also the interior terminals at Edmonton, Calgary and Lethbridge. Shipments to these points were necessary to give the farmers a market at the country elevators, because congestion soon developed on shipments to the Lakehead and an embargo had to be declared on such shipments after October 17th.

Despite continued and considerable efforts to ship Alberta wheat westward to take advantage of freight differentials, this movement was restricted throughout the year by the reduced movement out of Pacific Coast ports. The shortage of ocean vessel space forced the use of the St. Lawrence and Atlantic ports, and wheat shipments from Vancouver, New Westminster and Victoria were only 10,380,686 bushels, compared with 39,470,915 bushels in the previous crop year.

Churchill

Considerable shipments of 1,772,460 bushels of wheat were made from Churchill in the crop year 1939-1940. Further sales were cancelled at the outbreak of war, when the United Kingdom authorities were loathe to use the scarce tonnage for the longer time taken in the voyage to Churchill, compared with the St. Lawrence. The Board made representations to the United Kingdom Ministry of Shipping but were advised, in view of the difficulties in connection with shipping, that the port could not be used under the prevailing conditions. At the close of the season, the elevator was filled by the Board from the most favourable freight differential points.

OPERATING AND FINANCIAL SUMMARY

Under The Canadian Wheat Board Act, it was considered necessary to carry on separate systems and separate "pools" for western wheat and for eastern wheat, and this arrangement was approved under Order in Council P.C. 3433 of November 2nd, 1939. The following tables are therefore shown under the headings of "Western Division" and "Eastern Division". The "Eastern Division" tables are confined to the 1939 Crop, the first year in which the Board handled such wheat.

WESTERN DIVISION

1939 Crop

Deliveries by producers to the Board, by provinces, were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba.....	38,626,495-10	3,005-00	6,757,808-45	111,588-05	45,498,897-00
Saskatchewan	187,973,980-05	1,901,785-10	1,492,266-55	137,800-30	191,505,832-40
Alberta.....	94,760,061-30	9,191,692-50	289-20	1,432,386-10	105,384,429-50
	<u>321,360,536-45</u>	<u>11,096,483-00</u>	<u>8,250,365-00</u>	<u>1,681,774-45</u>	<u>342,389,159-30*</u>

* 2,909,905-25 bushels were in store country elevators not yet delivered.

Out of the total of 342,389,159-30 bushels of wheat received by the Board from producers, the ultimate disposition was as follows:

257,366,313-40	bushels were shipped to Fort William/Port Arthur
21,192,205-40	" " " " Pacific Coast Ports
404,341-30	" " " " Churchill
4,989,868-50	" " " " Duluth, Minn., Superior, Wisc., etc.
46,420,265-55	" " " " Interior terminals and mills
9,106,258-30	" " sold at country elevators
<u>339,479,254-05</u>	
2,909,905-25	" " in store country elevators, not yet delivered
<u>342,389,159-30</u>	

* 29,218,935-00 bushels of this quantity were subsequently transhipped to eastern ports by the Board.

Deliveries by producers to the Board as reported by our Agents; net sales, and unsold stocks held by the Board at the end of each month, are shown in the following table:

	Deliveries to the Board by Producers	Net Sales of 1939 Crop by the Board	Balance of 1939 Crop Held by the Board at End of Month
1939			
August.....	16,427,548-10	4,753,635-50	11,673,912-20
September.....	114,992,889-20	8,924,908-35	117,741,893-05
October.....	126,214,271-35	13,902,449-00	230,053,715-40
November.....	46,311,155-10	15,521,327-05	260,843,543-45
December.....	9,147,880-45	22,797,511-05	247,193,913-25
1940			
January.....	578,603-50	22,056,098-20	225,716,418-55
February.....	380,096-05	10,004,618-40	216,091,896-20
March.....	69,320-50	11,911,215-45	204,250,001-25
April.....	18,779-00	19,799,383-55	184,469,396-30
May.....	832,773-20	920,603-15	184,381,566-35
June.....	4,990,614-25	29,662,928-35	159,709,252-25
July.....	22,425,227-00	38,746-00	182,095,733-25
Total for Year	<u>342,389,159-30</u>	<u>160,293,426-05</u>	

The month-end liability of the Board to the Banks and Agents of the Board on the 1939 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Total
1939			
August 31st.....	\$ 5,778,064.56	\$ 5,371,100.32	\$ 11,149,164.88
September 30th.....	36,916,157.47	34,957,432.24	71,873,589.71
October 31st.....	50,215,317.91	86,484,693.69	136,700,011.60
November 30th.....	34,588,027.67	87,165,083.15	121,753,110.82
December 31st.....	37,136,941.26	78,478,884.65	115,615,825.91
1940			
January 31st.....	37,724,149.42	70,119,946.72	107,844,096.14
February 29th.....	42,163,660.76	56,252,482.52	98,416,143.28
March 31st.....	41,675,256.88	52,489,253.64	94,164,510.52
April 30th.....	29,828,746.92	48,132,627.21	77,961,374.13
May 31st.....	34,525,643.71	34,071,262.48	68,596,906.19
June 30th.....	45,391,956.46	24,514,232.93	69,906,189.39
July 31st.....	<u>68,819,422.51</u>	<u>28,927,925.04</u>	<u>97,747,347.55</u>

1938 Crop

On Page 5 of the Board's report for the Crop Year 1938-1939 we presented a statement showing deliveries made to the Board; sales, and unsold stocks of the 1938 Crop by months. The following table shows how the unsold position was disposed of during the crop year under review, together with the unsold balances by months:

	Net Sales of 1938 Crop by the Board	Balance of 1938 Crop Held by the Board at End of Month
1939		
July 31st (as per previous Report)		86,539,553-54
August.....	8,999,350-55	77,540,202-59
September.....	11,609,615-00	65,930,587-59
October.....	4,117,629-45	61,812,958-14
November.....	4,101,745-05	57,711,213-09
December.....	4,929,829-09	52,781,384-00
1940		
January.....	10,954,908-45	41,826,475-15
February.....	5,225,163-50	36,601,311-25
March.....	5,915,937-55	30,685,373-30
April.....	9,859,597-30	20,825,776-00
May.....	445,104-10	20,380,671-50
June.....	20,381,932-05*	(1,260-15)
July.....	(1,260-15)	
Total for Year	86,539,553-54	

* This quantity includes 20,380,000 bushels, being part of a 50,000,000 bushel sale made to the Cereals Import Committee on May 31st, 1940, referred to elsewhere in this Report. The balance of this sale, 29,620,000 bushels, was allocated to the 1939 Crop.

The month-end liability of the Board to the Banks and Agents of the Board on the 1938 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Total
1939			
August 31st.....	\$73,190,719.89	\$ 4,275,987.93	\$77,466,707.82
September 30th.....	66,615,918.62	1,617,908.53	68,233,827.15
October 31st.....	67,960,410.44	868,651.98	68,829,062.42
November 30th.....	59,367,931.22	639,368.26	60,007,299.48
December 31st.....	46,271,491.26	478,441.92	46,749,933.18
1940			
January 31st.....	56,105,265.92	.....	56,105,265.92
February 29th.....	54,731,053.20	.....	54,731,053.20
March 31st.....	53,322,842.89	.....	53,322,842.89
April 30th.....	52,064,845.88*	.....	52,064,845.88
May 31st.....	52,347,995.86*	.....	52,347,995.86
June 30th.....	52,364,220.53*	.....	52,364,220.53
July 31st.....	57,372,995.54*	.....	57,372,995.54

* These totals include \$52,000,000.00 advanced by the Department of Finance, Ottawa, without interest, which sum was applied in the reduction of bank advances.

1938 and 1939 Crops Combined

A combined statement showing the net sales of the 1938 and 1939 Crops, together with stocks unsold for both crops, follows:

	Net Sales by Board		Balance held by Board at end of Month		
	1938 Crop	1939 Crop	Total	1938 Crop	1939 Crop
1939					
July 31st (as per previous Report)					
August.....	8,999,350-55	4,753,635-50	13,752,986-45	86,539,553-54	11,673,912-20
September.....	11,609,615-00	8,924,908-35	20,534,523-35	77,540,202-59	117,741,893-05
October.....	4,117,629-45	13,902,449-00	18,020,078-45	65,930,587-59	230,053,715-40
November.....	4,101,745-05	15,521,327-05	19,623,072-10	61,812,958-14	260,843,543-45
December.....	4,929,829-09	22,797,511-05	27,727,340-14	57,711,213-09	247,193,913-25
1940					
January.....	10,954,908-45	22,056,098-20	33,011,007-05	52,781,384-00	225,716,418-55
February.....	5,225,163-50	10,004,618-40	15,229,782-30	41,826,475-15	216,091,896-20
March.....	5,915,937-55	11,911,215-45	17,827,153-40	36,601,311-25	204,250,001-25
April.....	9,859,597-30	19,799,383-55	29,658,981-25	30,685,373-30	184,469,396-30
May.....	445,104-10	920,603-15	1,365,707-25	20,825,776-00	184,381,566-35
June.....	20,381,932-05	29,662,928-35	50,044,860-40	20,380,671-50	(1,260-15)
July.....	(1,260-15)	38,746-00	37,485-45		159,709,252-25
Total for Year	86,539,553-54	160,293,426-05	246,832,979-59		182,095,733-25

STATEMENTS

Appended to this Report you will find the following statements with respect to the 1939 Crop and the 1938 Crop, as at July 31st, 1940:

Balance Sheet—1939 Crop Account.....	Exhibit "A"
Balance Sheet—1938 Crop Account.....	Exhibit "B"
Statement of Grain Operations— 1939 Crop Account—Western Division.....	Exhibit "C"
Statement of Grain Operations— 1938 Crop Account.....	Exhibit "D"
Statement of Grain Operations— 1939 Crop Account—Eastern Division.....	Exhibit "E"

BALANCE SHEETS

1939 Crop Account (Exhibit "A")

Stocks of Grain

The first item shown under this heading is a valuation of cash wheat stocks carried in country and terminal elevators, or in transit. These were valued basis in store Fort William/Port Arthur or Vancouver at the Board fixed initial prices.

The second item shows wheat sold but not delivered at the date of the Balance Sheet, and these stocks are valued at the sales prices.

Accounts Receivable

This amount is almost wholly represented in amounts due on sales made but which are payable only as the transactions are completed.

Memberships

The component items included under this heading represent two memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association, Limited (commonly known as the "Clearing House", through which all futures contracts are cleared daily), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost, and are, of course, necessary for the conduct of the Board's operations.

Deficit

The marketing operations of the 1938 Crop were completed on July 31st, 1940, when the remaining stocks of wheat, consisting of 3,465,142-05 bushels of cash wheat less 3,473,000-00 bushels of short

futures contracts, were transferred to the 1939 Crop Account. The transfer was made for the purpose of economy of operation and because of the difficulty in handling three crop years at one time. In transferring the cash wheat, provision was made for possible loss in disposition of the out-of-position stocks at Churchill and Vancouver.

Liability to Agents of the Board

When wheat is delivered by the producers to the country elevators of the companies who act as Agents of the Board, the companies pay the producers for the wheat on the basis of Board initial prices. This liability continues to be carried by the companies until such time as the wheat is unloaded in a deliverable position.

This liability represents approximately 42,000,000 bushels of wheat carried in country elevators or in transit at the date of the Balance Sheet.

1938 Crop Account (Exhibit "B")

1930 Wheat Crop Equalization Payment Account

Under the heading of "Liabilities" is an item shown as "1930 Wheat Crop Equalization Payment Account". This represents the residue of \$6,600,000.00 made available to The Canadian Wheat Board for the purpose of equalizing the various payments made in respect of the 1930 Crop by the Canadian Co-operative Wheat Producers Limited, as repayment for the Board's expenses in this connection and for other special purposes.

Net Surplus from the Operations of Prior Years

The net surplus of \$4,902,309.36 results from the marketing of the wheat holdings acquired from Canadian Co-operative Wheat Producers Limited at December 2nd, 1935, less funds transferred to the Department of Finance, Ottawa, and deficits from the operations of the Board on 1935 and 1936 Crop Accounts.

STATEMENTS OF GRAIN OPERATIONS

1939 Crop Account (Exhibit "C")

Wheat Acquired

Under this heading are shown the quantities of wheat received from the Agents of the Board on behalf of the producers; wheat delivered to the Board through the Clearing Association against

futures purchase contracts held by the Board at prevailing market prices, and the cash wheat taken over from the 1938 Crop on which previous comment has been made. The relative transfer of futures in respect of the latter item is included under sales of futures contracts.

The wheat delivered through the Clearing House represents part of the normal operations of the Board. During the usual delivery months when the futures contracts expire (namely, May, July, October and December), it is the privilege of companies who have hedged wheat in the futures market to deliver the equivalent cash wheat to holders of long futures. In the case of the Board, these deliveries are made against long futures acquired against the sale of cash wheat.

Wheat Sold

Shown under this heading are sales actually completed for which payment has been received, and also the uncompleted sales at contract prices for which payment will be received at time of loading.

Futures Contracts

This item reflects the profit arising as a result of the sales of futures contracts exchanged against cash wheat sales, after valuing the open futures purchase contracts, as at July 31st, 1940, at closing market prices. The net final deficit of \$6,119,656.78 is therefore based on the supposition that total stocks of cash wheat and futures contracts held by the Board could have been sold at the prices used in valuing these holdings, subject only to final grade adjustments.

Carrying and Other Costs

Carrying Charges

Carrying charges on wheat stored in country elevators represent storage and interest charges paid and payable to the Agents of the Board.

Storage on wheat in terminal elevators covers storage paid or accrued on wheat carried in interior, lakehead, eastern and seaboard terminals.

Transfer of futures to deferred months shows the cost of transferring the futures contracts from the nearby to the deferred months, and represents storage charges and interest.

Interest and Bank Charges

This shows interest on bank loans at the rate of 3 per cent. per annum, and the usual bank charges for exchange, transfers of funds, etc.

Additional Freight

Included under this heading is an amount of additional freight which was paid on wheat purchased on the basis of Vancouver freight rates, but which had subsequently to be moved eastward, less the freight recovered on shipments to Churchill from purchases made on the basis of Fort William/Port Arthur freight rates.

Drying and Reconditioning Charges, Etc.

This item is subject to final grade adjustments with the Agents of the Board when all the wheat has been delivered by them. It also includes the value of wheat lost in transit between interior terminals and Lakehead or Pacific Coast terminals, which represents a very trifling percentage in comparison with the total quantity shipped. A portion of the value of the shrinkage will subsequently be collected from the railway companies.

1938 Crop Account (Exhibit "D")

The various items shown in this statement have been explained in the comments on Exhibit "C", and repetition is unnecessary.

The final deficit shown, \$61,282,329.55, comprises the deficit on wheat operations of \$61,061,088.24 and the cost of the Overseas Advertising Campaign (i.e. \$221,241.31) up to the time of the outbreak of war, when this campaign was discontinued.

The deficit resulting from the operations of the marketing of the 1938 wheat crop includes the period from August 1st, 1938 to July 31st, 1940, and will be increased by interest charges on unpaid bank advances for the period subsequent to July 31st, 1940.

EASTERN DIVISION

STATEMENT OF GRAIN OPERATIONS

1939 Crop Account (Exhibit "E")

Exhibit "E" shows the results of the Board's operations for its initial year in the handling of Ontario wheat. These operations resulted in a surplus of \$80,729.27 of which \$75,579.27 was allocated for final payment to the producers, and the balance of \$5,150.00 covers the expenses of making the payment. These expenses include salaries, printing and stationery, postage, excise stamps, exchange on cheques, etc.

The cost of the uncontrollable expenses incidental to the physical handling of the wheat, plus interest and bank charges, etc., amounted to 3.610 cents per bushel, and for administrative and general expenses, 1.169 cents per bushel. Deliveries to the Board from the 1939 Crop totalled 4,254,935-50 bushels. These deliveries by grades, together with the net sales proceeds per bushel, initial and final payments, are as follows:

	Deliveries to the Board	Net Sales Proceeds	Initial Payment	Final Payment
Canadian Eastern Mixed Winter				
No. 1.....	2,535,768-10	71.623¢	70¢	1.623¢
No. 2.....	632,404-30	70.255	68	2.255
No. 3.....	90,480-40	68.351	65	3.351
Canadian Eastern Red Winter				
No. 1.....	469,859-00	71.623	70	1.623
No. 2.....	67,409-50	70.108	68	2.108
No. 3.....	9,006-00	68.265	65	3.265
Canadian Eastern White Winter				
No. 1.....	350,041-10	71.623	70	1.623
No. 2.....	93,899-50	70.062	68	2.062
No. 3.....	6,066-40	67.715	65	2.715
	<u>4,254,935-50</u>			

Deliveries of Ontario wheat by producers to the Board, as reported by our Agents; net sales and unsold stocks held by the Board each month, are reflected in the following statement:

	Deliveries to the Board by Producers	Net Sales of 1939 Crop by the Board	Balance of 1939 Crop Held by the Board at End of Month
1939			
August.....	2,970,651-30	1,196,515-20	1,774,136-10
September.....	751,931-40	813,390-35	1,712,677-15
October.....	245,897-20	229,898-05	1,728,676-30
November.....	170,833-50	385,138-15	1,514,372-05
December.....	93,700-20	186,666-45	1,421,405-40
1940			
January.....	9,907-00	443,225-45	988,086-55
February.....	3,107-00	443,306-00	547,887-55
March.....	2,124-40	34,177-35	515,835-00
April.....	927-20	313,465-30	203,296-50
May.....	970-40	6,344-15	197,923-15
June.....	1,256-20	200,552-15	(1,372-40)
July.....	3,628-10	2,255-30	
Total for Year	<u>4,254,935-50</u>	<u>4,254,935-50</u>	

AMENDMENTS TO THE CANADIAN WHEAT BOARD ACT, 1940

Several vital revisions to The Canadian Wheat Board Act to make it effective in dealing with the extraordinary problems envisaged for the new crop year were given first reading in the House of Commons on July 25th, and Royal Assent on August 7th, 1940.

1. The maximum membership of the Advisory Committee was increased in number from seven to eleven.

2. The 5,000 bushel limitation on deliveries to the Board was removed.

3. Provision was made for the making of an interim payment under certain conditions, and when such can be made without any possibility of loss or cost to the Government.

4. Provision was made for storage payments on farm-stored wheat at a rate not greater than the established country elevator tariff rate.

5. The Board was given power to regulate deliveries by producers at country, mill, and terminal elevators and loading platforms.

6. The provision that the Board sell "continuously" was deleted. (Obviously, continuous sales are not possible under war conditions.)

7. The penalty clauses were made more severe.

8. The Board was made responsible for the collection of a processing levy not to exceed 15 cents per bushel on wheat utilized for human consumption. The levy also applies to imported wheat and wheat products, which may only be imported by permission of the Board. The proceeds of the levy go into the ordinary revenues of the Board.

(Subsequently, the levy was fixed at 15 cents per bushel by Order in Council and Regulations framed for its collection.)

LONDON OFFICE

The regular work of the London office in promoting the use and sale of Canadian wheat was almost entirely suspended during 1939-40, as a result of the war. As mentioned in our Annual Report for 1938-39, the European Commissioner of the Board, Mr. R. V. Biddulph, turned his attention to the more pressing and important role of liaison officer between the Board in Canada and the various agencies of the Ministry of Food in the United Kingdom, including the British Cereal Imports Branch. Mr. Biddulph maintained a close connection with officials of

the Ministry of Shipping and in many ways served to smooth out the changed methods due to the dislocations of war. Mr. Biddulph is also the Board's agent in all transactions with the Treasury Department of the United Kingdom. His services were available to Canadian delegations, particularly that of the Hon. Mr. Crerar in the late fall of 1939. The various direct sales made during the crop year were concluded on a friendly and business-like basis, with our European Commissioner as the intermediary.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

C. GORDON SMITH,
Assistant Chief Commissioner

W. C. FOLLIOTT,
Commissioner

Winnipeg, Manitoba
January 11th, 1941.

The following pages contain:

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

EXHIBIT "E"

THE CANADIAN

1939 Cro

BALANCE

As at 31s

ASSETS

Funds on deposit—Bank of Montreal, Toronto	\$	30,526.90
Stocks of Grain—(In terms of inventories prepared by responsible officials)		
Wheat stocks (valued on the basis of Board fixed prices basis in store Fort William/ Port Arthur or Vancouver).....	\$	91,564,098.98
Wheat sold but not delivered (valued at sales prices less loading charges and carrying costs to delivery dates).....		473,168.06
Forwarding charges to be recovered from sale of grain in eastern and seaboard positions.....		128,971.44
		<u>92,166,238.48</u>
Accounts receivable— (Uncompleted wheat sales, etc.)		3,241,192.90
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Associa- tion, at cost.....		18,137.47
Office furniture and equipment, at cost less depreciation		32,430.50
Deficit resulting from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the year ended 31st July 1940.....		6,119,656.78
		<u>\$101,608,183.03</u>

WHEAT BOARD

EXHIBIT "A"

Account

SHEET

July, 1940

LIABILITIES

Liability to Banks—demand loans	\$ 68,819,422.51	
—accrued interest thereon	<u>5,656.39</u>	\$ 68,825,078.90
Liability to Agents of the Board for wheat purchased from Producers but not yet delivered to the Board.....		28,927,925.04
Surplus from the operations of the Wheat Board on 1939 Crop Account, Eastern Division, for the period ended 31st July 1940		
Available for final payment to Producers.....	\$ 75,579.27	
Estimated provision for payment expenses.....	<u>5,150.00</u>	80,729.27
Amount due to 1938 Crop Account, subse- quently settled by transfer of funds.....		1,074,149.87
Accounts payable.....		25,460.92
Accrued expenses payable; freight, storage charges, etc.,		2,674,839.03

\$101,608,183.03

THE CANADIAN
1938 Crop
BALANCE
As at 31st

ASSETS

Amount due from 1939 Crop Account, subsequently settled by transfer of funds	\$ 1,074,149.87
Accounts receivable.....	686.12
Deficit resulting from the operations of the Wheat Board on 1938 Crop Account, for the period from 1st August 1938 to 31st July 1940.....	61,282,329.55

\$ 62,357,165.54

LIABILITIES

Advance without interest received from the Department of Finance, Ottawa, and applied on the bank loans of 1938 Crop Account under the authority of Order in Council P.C. 1678 dated 25th April 1940.....			\$ 52,000,000.00
Liability to Banks—demand loans.....	\$ 5,372,995.54		
—accrued interest thereon.....	441.62	5,373,437.16	
1930 Wheat Crop Equalization Payment Account:			
Residue made available to The Canadian Wheat Board under the authority of Order in Council P.C. 633 dated 20th February 1940.....			78,824.11
Accounts payable and accrued expenses payable			2,594.91
Net surplus from the operations of prior years:			
Surplus from the operations in respect of wheat holdings acquired from Canadian Co-operative Wheat Producers Limited, for the period from 2nd December 1935 to 31st July 1938.....	\$ 24,809,988.42		
Deduct: Funds transferred to the Department of Finance, Ottawa.....	8,000,000.00		
	\$ 16,809,988.42		
Deduct: Deficits resulting from the oper- ations of the Wheat Board on			
1935 Crop Account.....	\$ 11,858,104.18		
1936 Crop Account.....	49,574.88	11,907,679.06	4,902,309.36
			<u>\$ 62,357,165.54</u>

THE CANADIAN 1939 Crop Account STATEMENT OF For the year ended

Wheat acquired:

Delivered or to be delivered by Agents on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....	
Purchased from Producers by Agents, under the Dominion-Provincial Seed Exchange Policy (no producers' certificates issued) at Board fixed prices.....	
Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....	
Transferred from 1938 Crop Account in exchange for long futures contracts held on 1939 Crop Account.....	

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....	
Uncompleted sales at contract prices less provision for carrying costs, etc.....	
Futures contracts—exchanged against cash wheat sales.....	
Less: Sales.....	
Open Futures Purchase Contracts as at 31st July 1940.....	
Add: Profit on futures acquired in exchange against completed and uncompleted cash wheat sales.....	
Net proceeds from sales.....	

Stocks of wheat on hand, valued on the basis of Board fixed prices, basis in store Fort William/Port Arthur or Vancouver.....	
Surplus on cash wheat transactions.....	

Deduct: Carrying costs, interest, administrative and general expenses, etc.	
Carrying charges:	
Carrying charges on wheat stored in country elevators.....	
Storage on wheat stored in terminal elevators.....	
Transfer of futures to deferred months.....	
Interest and bank charges.....	
Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....	
Less: Freight recovered on shipments to Churchill.....	
Handling, stop-off and diversion charges on wheat at interior terminals.....	
Drying and reconditioning charges, grade adjustments and losses in transit.....	
Brokerage and Clearing Association charges.....	
Administrative and general expenses.....	
Administrative and general expenses of the Board Office in London, England.....	

Deficit from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the year ended 31st July 1940.....

WHEAT BOARD

Western Division

GRAIN OPERATIONS

1st July, 1940

EXHIBIT "C"

Bushels		Amount	
342,388,252-10		\$232,882,445.73	
<u>907-20</u>	342,389,159-30	<u>635.13</u>	\$232,883,080.86
	37,908,000-00		26,969,799.12
	<u>3,465,142-05</u>		<u>2,015,319.33</u>
	<u>383,762,301-35</u>		\$261,868,199.31
	249,556,480-35	\$185,397,574.73	
	<u>683,571-30</u>	<u>473,168.06</u>	
	250,240,052-05	\$185,870,742.79	
243,347,000-00		\$191,687,487.50	
4,769,000-00			
<u>8,578,000-00</u>	<u>243,347,000-00</u>	<u>192,313,607.50</u>	
		<u>626,120.00</u>	
		\$186,496,862.79	
	133,517,733-25	<u>91,564,098.98</u>	<u>278,060,961.77</u>
			\$ 16,192,762.46
		\$ 9,779,663.93	
		3,359,796.03	
		<u>5,098,655.00</u>	\$ 18,238,114.96
			885,030.55
		\$ 2,053,324.55	
		<u>8,002.43</u>	2,045,322.12
			358,935.91
	4,516-05		34,450.85
			279,697.69
			451,835.58
			<u>19,031.58</u>
	<u>383,762,301-35</u>		<u>22,312,419.24</u>
			\$ 6,119,656.78

THE CANADIAN
1938 Crop
STATEMENT OF
For the period from 1

Wheat acquired:

Purchased from Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....	
Purchased from Producers, under the Dominion-Provincial Seed Exchange Policy (no producers' certificates issued) at Board fixed prices.....	
Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....	

Wheat sold:

Sales value of the above cash wheat, at realized prices, basis in store Fort William/Port Arthur or Vancouver.....	
Add: Profit on sales of futures contracts acquired in exchange against cash wheat sales—277,576,000 bushels.....	

Deficit on cash wheat transactions.....

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....	
Storage on wheat stored in terminal elevators.....	
Transfer of futures to deferred months.....	

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Less: Freight recovered on shipments to Churchill.....

Handling, stop-off and diversion charges on wheat at interior terminals.....

Drying, reconditioning charges and losses in transit.....

Adjustments of grades with Agents.....

Brokerage and Clearing Association charges.....

Administrative and general expenses.....

Deficit on wheat operations.....

Add: Amount expended on the Overseas Advertising Campaign, and for administrative expenses relative to the operations of the Board Office in London, England.....

Deficit from the operations of the Wheat Board relative to the marketing of 1938 crop wheat delivered to the Board by Producers.....

WHEAT BOARD

Account

EXHIBIT "D"

RAIN OPERATIONS

August 1938 to 31st July, 1940

Bushels	Amount
292,360,029-50	\$219,318,445.23
214,718-45	163,325.54
<u>4,842,000-00</u>	<u>2,359,135.48</u>
<u>297,416,748-35</u>	<u>\$221,840,906.25</u>
297,410,979-00	\$166,756,130.60
	<u>15,270,614.20</u>
	<u>182,026,744.80</u>
	\$ 39,814,161.45
	\$ 6,386,756.14
	2,271,506.85
	<u>7,035,707.50</u>
	\$ 15,693,970.49
	2,950,762.63
	\$ 1,530,323.55
	<u>59,824.64</u>
	1,470,498.91
	229,262.39
5,769-35	6,964.41
	(19,807.42)
	389,236.78
	526,038.60
<u>297,416,748-35</u>	<u>21,246,926.79</u>
	\$ 61,061,088.24
	221,241.31
	<u>\$ 61,282,329.55</u>

THE CANADIAN
1939 Crop Account
STATEMENT OF
For the year ended

Wheat delivered by Producers, at Board fixed prices basis Montreal.....

Wheat sales—cash grain:

Amount realized on wheat delivered by Producers, basis in store Montreal.....

Surplus on cash wheat transactions.....

Less: Carrying costs, interest, administrative and general expenses

Storage and carrying charges.....

Elevation.....

Railway charges—freight, switching, stop-off charges, etc.....

Insurance.....

Inspection and weighing.....

Unloading charges—shovelling.....

Reconditioning, grain adjustments and shrinkage.....

Less: Recovered on handling charges.....

Interest and bank charges.....

Cash grain brokerage.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1939 Crop
Account, Eastern Division, for the year ended 31st July 1940.....

HEAT BOARD

stern Division

RAIN OPERATIONS

st July, 1940

EXHIBIT "E"

Bushels	Amount
<u>4,254,935-50</u>	\$ 2,957,301.14
4,250,392-10	3,241,354.85
	<u>\$ 284,053.71</u>
	\$ 79,842.09
	20,190.83
	23,498.19
	355.20
	405.03
	123.04
4,543-40	12,773.97
	<u>\$ 137,188.35</u>
	11,154.00
	<u>\$ 126,034.35</u>
	14,385.93
	13,146.60
	49,757.56
<u>4,254,935-50</u>	<u>203,324.44</u>
	<u>\$ 80,729.27</u>

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REPORT

of

The Canadian Wheat Board

Crop Year 1940-1941

REPORT
of
The Canadian Wheat Board

Crop Year 1940-1941

Report of The Canadian Wheat Board

To:

The HONOURABLE JAMES A. MACKINNON,

Minister of Trade and Commerce,

OTTAWA, Canada.

The second successive large crop of wheat was harvested in the Prairie Provinces in 1940-41 and The Canadian Wheat Board again handled a high proportion of the crop. The Board's operations were in rather sharp contrast with those of the previous crop year. In the first place, sales on the futures market were much less prominent and secondly, the Board was required to turn its attention to the control of grain deliveries occasioned by the large crop and the shortage of storage space. Reflecting these changes in the Board's sphere of operations, this report directs more attention to the delivery controls and less to sales than in 1939-40. The Board's selling operations were largely confined to two large transactions with the United Kingdom Ministry of Food, involving 220 million bushels in all.

The export movement of wheat and wheat flour turned out considerably better than was anticipated in the early season, mainly because of large shipments to the United Kingdom in the January-June period. The overseas clearances of wheat in the crop year were 173,559,167 bushels and United States imports for consumption and milling in bond reached 11,347,357 bushels. Flour exports were 50% higher than in 1939-40, amounting to the equivalent of 46,299,722 bushels. In total, the exports of wheat and wheat flour in 1940-41 were 231,206,246 bushels compared with 192,674,369 bushels in 1939-40. With this gratifying outward movement, the carry-over of Canadian wheat in both Canada and the United States was also lower than expected at 480,083,691 bushels.

MARKET OPERATIONS

The minimum prices established in the futures market on May 18th, 1940 were continued throughout the 1940-41 crop year and at times, were again very necessary to prevent price declines. The market remained at the minimum levels from August 1st to September 26th, 1940, the demand of domestic mills and exporters other than the United Kingdom being only sufficient to absorb current offerings. Throughout the late fall and winter the futures market operated above

the minimum levels but the trade was not broad enough to justify Board sales. In the crop year 1940-41, total marketings of western wheat amounted to 455,735,080 bushels and since the Board receipts were only 395,357,243 bushels, it is apparent that about 60 million bushels were sold on the open market.

When farmers' marketings expanded in mid-April with consequent pressure on the open market, prices once again declined to the minimum levels. While some trading continued at these levels, it was not until May 15th that the nearby future moved above the minimum level of 75½ cents and then the increase was fractional and was only maintained for a week. The May future closed on May 31st at the minimum level of 75½ cents "asked". Throughout the month of June, the market rested on the minimum levels, with the July future at 77½ cents. On July 2nd, the minimum price on the July future was lowered from 77½ to 70 cents and the October future was also posted with a minimum of 70 cents. During July, the futures market traded above the minimum prices. Declining crop conditions and prospects of shipments to Russia encouraged buying and some fairly good demand developed. The strength in United States grains and securities was a contributing factor in the Winnipeg advance. The Board took advantage of the opportunity to sell 1.3 million bushels in the period from July 23rd to 31st, when the July future ranged from 2 to 5 cents above the minimum level.

SALES TO THE UNITED KINGDOM

As mentioned in the Board's Annual Report for 1939-40, negotiations for the sale of 100 million bushels of wheat futures to the United Kingdom were begun in July and completed early in August, 1940, when the announcement was made simultaneously in both countries.

A further sale of 120 million bushels of wheat futures to the same buyer was made in May, 1941 and announced in both countries on May 13th. This was the largest single wheat transaction in the history of the world's grain trade.

WESTERN PRICES

As in 1939-40, the initial price of the basic western grade, No. 1 Northern was fixed by the statute at 70 cents per bushel. On August 13th, the Board fixed the initial prices of the other principal grades, and these were approved by Order-in-Council P.C. 3802. The remaining initial prices were fixed by the Board and approved by the Government on August 27th (Order-in-Council P.C. 4219). In many cases, the spreads of the lower grades under No. 1 Northern were narrowed in comparison with 1939-40.

EASTERN DIVISION

On July 20th, 1940, by Order-in-Council P.C. 3337, the price of 70 cents per bushel, basis delivered Montreal, for No. 1 grades of Canada Eastern Winter wheats was continued for another year. On July 23th, 1940, by Order-in-Council P.C. 3383, the prices of No. 2 and No. 3 grades were fixed at 68 and 65 cents per bushel respectively.

Deliveries of Ontario wheat to the Board in 1940-41 were 1,354,315 bushels, compared with 4,254,935-50 bushels in 1939-40. The wheat received by the Board was sold at prices above the initial payments and distribution of a final payment is being made. (Details will be found later in this Report).

BOARD APPOINTMENTS

Mr. R. M. Mahoney was appointed Supervisor of Delivery Quotas on August 17th, 1940. Mr. C. B. Davidson was placed in charge of the Acreage Department. Mr. W. J. Brooking, Assistant Sales Manager, was appointed to administer the Processing Levy. The services of Mr. A. L. Dyker were placed at the disposal of the newly-appointed Advisory Committee and he was named Secretary of that body.

1940-41 WHEAT PROGRAM

After a series of conferences between the Wheat Committee of the Cabinet and The Canadian Wheat Board, the plans of the Government with regard to 1940-41 were announced in July, 1940. These plans were incorporated in The Canadian Wheat Board Act as amendments introduced in the House of Commons on July 25th, 1940 and given Royal Assent on August 7th, 1940.* The main features were:

1. The statutory price of 70 cents per bushel for No. 1 Northern, basis in store Fort William/Port Arthur or Vancouver, remained unchanged.
2. The 5,000 bushel limitation on deliveries to the Board was removed.
3. Provision was made for farm-storage payments on wheat stored by producers.
4. The Board was given power to regulate grain deliveries, with severe penalty clauses added to the Act.
5. The Board was empowered to collect a processing levy not to exceed 15 cents per bushel on wheat utilized for human consumption in Canada. This levy also applied to imported wheat and wheat products which could only be imported by permission of the Board. The proceeds of the levy formed part of the ordinary revenues of the Board.

*See Report of The Canadian Wheat Board, 1939-40.

REGULATION OF DELIVERIES 1940-41

The crop season 1940-41 began with limited space available in elevators for the handling of the big grain crop. When it became apparent that some regulation of deliveries would be necessary in order to distribute the available space fairly, the Board drafted regulations which were approved by Order-in-Council P.C. 3750 on August 7th, 1940, the same day on which the amendments to the Act (which empowered the Board to regulate deliveries) were given Royal Assent.

These regulations provided that no wheat, oats or barley could be delivered without a permit from The Canadian Wheat Board. The permits had to be obtained from an elevator agent and were not valid until the statutory declaration had been sworn before a Justice of the Peace, Notary Public or Commissioner of Oaths. (See Appendix A). The first copy of the statutory declaration was returned to the Board for record purposes and the second remained in the permit book. When the producer received his permit, he selected **one** delivery point for his grain, although special dispensation was made for producers with widely separated farms to permit delivery at two or more stations by dividing their lands on two or more permits. Each delivery was then recorded in the permit book, in net weights, and it was provided that the aggregate deliveries must not exceed the established quota. The agent of the company receiving delivery was required to record these deliveries in the permit book. It was further provided that only one permit book could be issued for each farm or group of farms operated as a unit. The producer actually carrying on the farming operations had the prior right to possession of the permit and all questions as to the priority and division of deliveries as between growers, landlords, vendors, mortgagees and other persons entitled to the grain had to be settled by the various parties between themselves. All the deliveries from the one farm had to be recorded in the one book and no person was allowed to deliver wheat from any land other than that described in his permit. Shipments over the loading platform were also permissible under certain conditions.

Heavy penalties were provided for infractions of the Act and regulations, not only for those directly concerned, but also for those indirectly concerned in grain deliveries in breach of the law.

The Board's inspectors and the Royal Canadian Mounted Police carried out hundreds of investigations into various transactions of producers, elevator agents, and others. Prosecutions were instituted in about 270 cases during the crop year and convictions were obtained in all but two of these cases. As in 1939-40, the fine co-operation of the Royal Canadian Mounted Police was of great assistance to the Board. The investigations and prosecutions had a noticeably discouraging effect on infractions of the regulations, and in the late winter and spring months few infractions could be found.

THE DELIVERY QUOTA SYSTEM

The distribution of the permit books began on August 7th and on the same date the Board announced that the initial delivery quotas would be five bushels per seeded acre of wheat, oats and barley, not interchangeable. The following extract from the announcement of August 7th indicates the situation, with which the quota system had to deal:

"The extreme difficulties of the situation will be apparent when it is pointed out that at July 31, 1940 the carry-over of old wheat in Canada was about 270,000,000 bushels, with a further 20,000,000 or 25,000,000 bushels of Canadian wheat in the United States. The new wheat crop in the West is estimated at well over 400,000,000 bushels and there will be about 22,000,000 bushels more produced in Ontario. Our present elevator storage capacity is 424,000,000 but a deduction from this figure is necessary to provide working space. After allowance for temporary elevator annexes, and some additional storage in the United States, it is calculated that the net available storage capacity for the new crop will be 150,000,000 to 160,000,000 bushels.

The first quotas are patterned to fill this space and to enable every producer to deliver a portion of his crop at the outset. As additional storage space becomes available through exports or consumption, the quotas will be extended."

The co-operation of the farmers was asked for in the face of this difficult situation, and with minor exceptions, mostly based on lack of understanding of the new legislation, it can now be said that it was readily and helpfully given.

In its administration of the quotas, the Board followed a determined policy of relaxing quotas just as quickly as possible as the situation changed. In line with this policy, on August 14th, the Board gave permission for deliveries above the quota and without record in the permit book for farmers having their wheat gristed into flour for their own family use. On August 17th, special authorities to cover shipments of malting barley, seed oats and seed barley in excess of the quotas were given.

The first definite relaxation in quota restrictions was made on August 24th, when the quota on barley was increased from five to ten bushels per seeded acre. It became apparent that the bulk of the 1940 barley crop would be required on farms for feed. Feeling that there would be no heavy barley deliveries in excess of the market for barley, the Board removed the quota restrictions on barley on September 4th, and growers could then market their barley in any quantity and at any point they wished.

On September 10th, it was decided that the demand for oats, like the barley demand, was sufficient to take care of the situation,

and on this date the quota on oats was removed. Thus, this early in the year, producers in the West were able to market all their coarse grains without restrictions.

On September 9th, the Board began a policy of raising local wheat quotas beyond the general quota of five bushels per acre. This was done at points where there was sufficient space in the local elevators to take in the higher quotas, without further shipments to terminals.

On September 14th, the Board felt that the storage situation and the general crop situation had clarified to the point where a revision in the general wheat quota could be made, and as a consequence, this general quota was raised from five bushels per seeded acre to eight bushels per seeded acre.

On September 17th, the Board authorized wheat deliveries above the established quotas for voluntary contributions to the five (later six) organizations directly concerned in the overseas war effort. Similar arrangements were made later for the purchase of War Savings Certificates and Dominion Non-Interest Bearing Bonds. Special over-delivery privileges were also granted to producers wishing to purchase Certified or Registered Seed wheat.

Between September 14th, and November 27th, the Board continued to increase quotas above the general eight-bushel level at points where local storage was available. By November 27th, 10, 12, 15 and 20-bushel quotas were in effect at 1,594 shipping points, or at approximately 70% of the total number of shipping points in the three Prairie Provinces. For instance, on September 30th, the 8-bushel quota was in effect at nearly 1,900 shipping points, and in the last week in November the 8-bushel quota was in effect at less than 600 points. On November 27th, the general wheat quota of ten bushels per seeded acre was established. There were at this time 1,261 shipping points, or approximately 55% of the total shipping points, with quotas above ten bushels per seeded acre.

From August 1st to November 29th, 1940 deliveries of wheat to country elevators and over loading platforms totalled 240 million bushels against quotas in effect permitting deliveries of 309 million bushels. The difference in the two figures is accounted for largely by retention of wheat on farms to earn the farm storage payments. While some farmers needed higher quotas in order to deliver and secure payment for their wheat, others held wheat for farm storage payments. The policy of the Board was to raise the quotas whenever and wherever elevator space appeared.

During the crop year, the Board approved 7,287 increases of the quota at local points, apart altogether from the general quota increases which took place on the following dates:

1940

August 7th.....	5 bushels
September 14th.....	8 “
November 27th.....	10 “
December 14th.....	12 “

1941

March 13th.....	15 “
April 17th.....	20 “
April 21st.....	Open

It can be fairly said, we think, that the quota system operated satisfactorily in handling a difficult situation. It could not have succeeded without the close co-operation of the farmers and the country elevator companies. The wet harvest weather in large sections of Alberta created a problem in handling tough and damp wheat. This situation was handled by giving special delivery permits to growers who signed statutory declarations as to the amount and condition of such wheat that it was necessary to deliver. Space was made for the handling of this wheat in interior terminal elevators and at Fort William/Port Arthur and cars were specially allocated to move it. Similar arrangements were made to accommodate farmers who had wheat in danger of going out of condition because of the lack of suitable farm storage space.

On November 22nd, the Hon. James A. Mackinnon, Minister of Trade and Commerce, announced in the House of Commons that delivery of all the marketable surplus of the 1940 crop would be permitted during the crop year. To avoid congestion at the end of the crop year, considerable organization and preparation were necessary. Farmers were asked to keep their wheat flowing into country elevators as space became available. The first request of this kind was made on November 27th, 1940 and it was repeated constantly thereafter. Conservation in the use of cars was necessary, and the Car Allocation Committee organized by the Board of Grain Commissioners assumed the task of distributing cars at the stations where they were needed most. The extensive building of temporary annexes to country elevators was also of material assistance. Inter-station shipments were employed to good effect.

On December 26th, 1940, the railway companies were forced to place an embargo on grain shipments to Fort William/Port Arthur because of congestion there. Conservation in the use of cars was then even more necessary. Arrangements were made on December 31st to move coarse grains under special permits. The embargo on wheat shipments was relaxed at the end of February, but the Lakehead remained congested until the opening of navigation, and the inward movement of wheat was only permitted under restricted orders up to April 21st.

On April 21st, 1941, the Board issued a circular containing delivery arrangements for merchants, companies and others holding 1940 wheat for sale.

On May 22nd, the Board issued a circular advising producers that payments on account of farm storage on 1940 wheat would definitely be discontinued after July 31st, 1941 when the Board price would revert to 70 cents. Producers were urged to deliver their wheat as space was made available so that a last-minute delivery rush could be avoided. Certain of the high acreage, high yield areas of Saskatchewan required a heavy concentration of cars throughout June and the early part of July to keep the elevators open for deliveries, but finally the marketing of the crop was completed and everyone wishing to market 1940 wheat had an opportunity to do so. At the same time space was provided in country elevators for the marketing of at least two bushels per acre of the 1941 crop.

TEMPORARY STORAGE SPACE

During the crop year, most of the elevator companies built annexes to their elevators at congested points, which greatly assisted the operation of the quotas. For taxation purposes, the Government gave permission to the companies to write off the cost of these temporary structures over a period of two years. During the period from July 31st, 1940 to July 31st, 1941 the additional space provided for grain storage at country points amounted to 97 million bushels. This figure includes permanent and temporary annexes and a further amount of temporary space made by utilizing off-track buildings such as skating rinks, ice houses and railway roundhouses.

On February 19th, by Order-in-Council P.C. 1225, the Government entered into an agreement with elevator companies for the building of approximately 50 million bushels of temporary terminal storage space at Fort William/Port Arthur, 3 million bushels at Sarnia, Ontario and 3 million bushels at Three Rivers, Quebec.

In April, as the storage situation cleared, the Board of Grain Commissioners announced that no further annexes would be licensed and later the Priorities Branch of the Department of Munitions and Supply ruled that special licenses would be necessary for the construction of grain storage and handling facilities. The Canadian Wheat Board acted as the western administrative agency in these priority regulations. The earlier agreement regarding write-offs for taxation purposes was also suspended when the provision of extra storage space was regarded as adequate.

FARM STORAGE PAYMENTS

In accordance with Section 7 (h) of the Act, as amended in 1940, the Board issued a circular on October 2nd, providing for farm storage payments to producers at the same rate as applied on wheat stored in country elevators, namely, 1/45 of a cent per bushel per day. Farm storage commenced on October 8th and was paid on all grades of wheat delivered to the Board between November 1st, 1940 and July 31st, 1941.

The following table indicates how the farm storage payments per bushel on wheat were made in 1940-41, with the number of bushels received and the payments made to producers in each period:

Time of Delivery to the Board	Board's Fixed Price No. 1 Northern, basis Ft.Wm./Pt. Arthur and Vancouver	Farm Storage Payable	Board's Fixed Price Plus Farm Storage	Receipts from Producers	Payments Made to Producers
(dates inclusive)					
Previous to Nov. 1, 1940	70¢	.....¢	70¢	204,551,642-05	\$
Nov. 1 " Nov. 22	70	½	70½	24,183,215-35	120,916.08
Nov. 23 " Dec. 15	70	1	71	25,397,399-15	253,973.99
Dec. 16 " Jan. 7	70	1½	71½	18,057,965-25	270,869.48
Jan. 8 " Jan. 30	70	2	72	9,954,934-35	199,098.69
Jan. 31 " Feb. 22	70	2½	72½	8,217,520-10	205,438.00
Feb. 23 " Mar. 17	70	3	73	4,626,672-50	138,800.18
Mar. 18 " Apr. 9	70	3½	73½	4,756,600-35	166,481.02
Apr. 10 " May 1	70	4	74	16,874,609-40	674,984.39
May 2 " May 24	70	4½	74½	20,033,132-25	901,490.96
May 25 " June 16	70	5	75	22,992,387-50	1,149,619.39
June 17 " July 8	70	5½	75½	15,363,579-40	844,996.88
July 9 " July 31	70	6	76	20,347,582-45	1,220,854.97
				<u>395,357,242-50</u>	<u>\$6,147,524.03</u>

The total amount paid out to producers under this clause of the Act was \$6,147,524.03.

ADVISORY COMMITTEE

In accordance with the 1940 amendment to Section 6 of The Canadian Wheat Board Act, the Government appointed an Advisory Committee to assist the Board. These appointments were made by Order-in-Council P.C. 4214 of August 27th, 1940 and the members appointed were:

Mr. D. A. Campbell.....	Toronto, Ont.
Mr. Fred H. Clendenning.....	Vancouver, B.C.
Mr. Paul Farnalls.....	Halkirk, Alta.
Mr. Lew Hutchinson.....	Duhamel, Alta.
Mr. J. A. McCowan.....	Summerberry, Sask.
Mr. D. G. McKenzie.....	Winnipeg, Man.
Mr. Rosario Messier.....	Contrecoeur, Que.
Mr. Fred Pettypiece.....	Auld, Ont.
Mr. R. C. Reece.....	Winnipeg, Man.
Mr. A. C. Reid.....	Winnipeg, Man.
Mr. J. H. Wesson.....	Regina, Sask.

The six members representing wheat producers, as required by the Act, were Messrs. Farnalls, Hutchinson, McCowan, McKenzie, Pettypiece and Wesson. At the first meeting, Mr. D. G. McKenzie was elected Chairman and Mr. A. L. Dyker was appointed Secretary.

The Committee held seven meetings during the crop year. The current operations of the Board were reviewed from time to time, giving particular consideration to the quota system set up by the Board and to the problems arising from the necessity for restricted deliveries. The Advisory Committee also considered the wheat problem for 1941-42 relating to production, farm income and acreage adjustments, and formulated a set of recommendations for the crop year 1941-42, which were forwarded to the Board and the Government. The Committee also reviewed, amongst other matters, the handling agreement between the Board and the elevator companies, the basis of farm storage payments, the general storage position from time to time, the basis of carlot settlements, spreads on Board prices for various grades of wheat and the question of car allocation.

PROCESSING LEVY

The collection of a processing levy not exceeding fifteen cents per bushel was provided for by the addition of Part II to The Canadian Wheat Board Act, given Royal Assent on August 7th, 1940. On August 13th, by Order-in-Council P.C. 3888, the rate of levy was fixed at 15 cents per bushel of wheat. Regulations for the administration of the levy were prepared by the Board and approved by Order-in-Council P.C. 4387 of September 3rd, 1940. (See Appendix B). The products to which the levy applied were defined in the Regulations and standard rates of computation were set. For flour, the levy was assessed on the basis of $4\frac{2}{3}$ bushels of wheat being equal to one barrel or 196

pounds of flour, upon which the amount of levy payable was 70 cents per barrel. The constituent quantity of wheat in other manufactured products was fixed on the basis of certified statements made by the manufacturer. The levy was payable to the Board by the processor, importer or the transferee taking flour out of bond for consumption.

Two remissions of the levy were decided upon by the Government. By Order-in-Council P.C. 1/4181 of August 24th, the remission of the processing levy was required on contracts for the future delivery of wheat flour made prior to May 15th, 1940 at the higher prices then existing. The reason for this remission was, in the terms of the Order-in-Council, that "the imposition of the levy would fall inequitably upon purchasers under such contracts and would hinder the Government in its efforts to prevent a rise in the price of bread, which are particularly necessary for the duration of the War."

By Order-in-Council P.C. 134/813 of February 1st, 1941, the remission of the processing levy was required "in the case of all wheat grown in the provinces of Quebec, New Brunswick, Nova Scotia and Prince Edward Island and taken by the grower to any grist mill to be processed for consumption exclusively in the grower's home." The reason for this remission was that "wheat is not grown in large commercial quantities in such provinces and that the grower receives no benefits from the operation of The Canadian Wheat Board."

PACIFIC COAST

There was a further contraction in the amount of business done at Pacific Coast elevators in 1940-41. The continued shortage of shipping confined export loadings, for the most part, to ballast on lumber boats going to the United Kingdom and to odd cargoes for South America and the Orient. The Board unloaded 7,752,342 bushels of wheat from the high freight differentials in Alberta at the Pacific Coast during 1940-41 and the elevators there were kept practically full throughout the crop year. There were no receipts or shipments at Prince Rupert during the crop year, the elevator remaining full of Board wheat.

Wheat shipments from Vancouver, New Westminster and Victoria during 1940-41 were only 4,056,218 bushels in the crop year compared with 10,380,686 bushels in 1939-40 and 39,470,915 bushels in 1938-39, indicating the full extent of the decline due to shipping conditions. The Board's sales of wheat at the Pacific Coast during the year amounted to 4,969,512 bushels.

CHURCHILL

There was no movement of wheat out of Churchill during the crop year. As in 1939-40, the shortage of boats again precluded the possibility of shipping from the port. An amount of 45,723-30 bushels was shipped into Churchill during 1940-41 to complete the filling of the elevator.

LONDON OFFICE

The services of Mr. R. V. Biddulph, European Commissioner of the Board, continued to be centered on liaison work between the Board in Canada and the British Cereal Imports Branch of the Ministry of Food in the United Kingdom. As in 1939-40, the European Commissioner also conducted the Board's transactions with the Treasury Department of the United Kingdom.

An incidental feature of the Board's work in London was the use of our film "The Kinsmen" by the United Kingdom Ministry of Information in its film work.

OPERATING AND FINANCIAL SUMMARY

As stated in our last Report, it was considered necessary under The Canadian Wheat Board Act to carry on separate systems and separate "pools" for western wheat and for eastern wheat. The following tables are therefore shown under the headings of "Western Division" and "Eastern Division". The Eastern Division tables are confined to the 1940 crop only, as there was no carry-over of eastern wheat at the end of last crop year, when the final accounts were presented.

WESTERN DIVISION

1940 Crop

Deliveries by producers to the Board, by provinces, were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba.....	41,558,003-25	556-00	2,773,071-50	163,126-10	44,494,757-25
Saskatchewan	201,922,207-00	220,552-35	825,887-00	639,800-50	203,608,447-25
Alberta.....	140,728,564-00	5,094,496-15	235-00	1,430,742-45	147,254,038-00
	<u>384,208,774-25</u>	<u>5,315,604-50</u>	<u>3,599,193-50</u>	<u>2,233,669-45</u>	<u>395,357,242-50*</u>

* 128,252,210-35 bushels were in store country elevators not yet delivered.

Out of the total of 395,357,242-50 bushels of wheat received by the Board from producers, the ultimate disposition was as follows:

* 204,164,714-25 bushels were shipped to Fort William/Port Arthur	
11,058,102-40	" " " " Duluth, Minn.; Superior, Wisconsin, etc.
6,404,051-05	" " " " Vancouver
45,723-30	" " " " Churchill
41,995,797-35	" " " " Interior terminals and mills
3,436,643-00	" " sold at country elevators
<u>267,105,032-15</u>	
128,252,210-35	" in store country elevators, not yet delivered
<u>395,357,242-50</u>	

* 843,160-10 bushels of this quantity were subsequently transhipped to Eastern Ports; and the Duluth/Superior stocks were either transhipped or sold for the same destination.

Deliveries by producers to the Board, as reported by our Agents; net sales, and unsold stocks held by the Board at the end of each month, are shown in the following table:

	Deliveries to the Board by Producers	Net Sales of 1940 Crop by the Board	Balance of 1940 Crop Held by the Board at end of Month
1940			
August.....	155,467-10	* 66,666,297-40	(66,510,830-30)
September.....	107,334,939-30	3,615-45	40,820,493-15
October.....	81,954,328-10	63,613-35	122,711,207-50
November.....	39,344,111-25	46,819-50	162,008,499-25
December.....	34,509,989-55	39,124-15	196,479,365-05
1941			
January.....	15,615,061-40	84,319-20	212,010,107-25
February.....	10,555,055-10	57,845-20	222,507,317-15
March.....	6,347,001-50	51,677-30	228,802,641-35
April.....	10,104,861-50	870,842-25	238,036,661-00
May.....	28,473,764-50	* 72,436,843-25	194,073,582-25
June.....	29,306,206-30	81,887-55	223,297,901-00
July.....	31,656,454-50	1,240,992-35	253,713,363-15
Total for Year	395,357,242-50	141,643,879-35	

* As mentioned elsewhere in this Report, a sale of 100 million bushels of wheat futures was made to the United Kingdom on August 2nd, 1940, and a further sale of 120 million bushels was made on May 13th, 1941. 66,666,000 bushels of the first sale are included in the August sales above; the balance of 33,334,000 bushels was allocated to the 1939 Crop.

With respect to the second sale, 72,344,000 bushels are included in the May sales as shown above; 32,723,000 bushels were allocated to the 1939 Crop, and the balance of 14,933,000 bushels to the 1941 Crop.

The month-end liability of the Board to the Banks and Agents of the Board in respect of the 1940 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1940			
August 31st.....	\$ 135,891.60	\$ 390,677.33	\$ 526,568.93
September 30th.....	2,926,421.21	68,744,714.51	71,671,135.72
October 31st.....	2,583,816.98	118,149,310.07	120,733,127.05
November 30th.....	6,959,768.87	137,038,496.78	143,998,265.65
December 31st.....	19,580,302.35	146,672,422.73	166,252,725.08
1941			
January 31st.....	32,597,137.52	144,360,344.66	176,957,482.18
February 28th.....	36,843,747.87	146,765,170.72	183,608,918.59
March 31st.....	39,020,274.39	147,061,222.68	186,081,497.07
April 30th.....	33,157,607.94	148,267,627.63	181,425,235.57
May 31st.....	40,210,087.30	145,420,574.86	185,630,662.16
June 30th.....	52,942,960.21	142,766,399.92	195,709,360.13
July 31st.....	63,545,962.47	145,825,573.71	209,371,536.18

1939 Crop

On Page 17 of the Report for the crop year 1939-40 the Board presented a statement showing deliveries made to the Board, sales, and unsold stocks of the 1939 crop by months. The following table shows the sales made during the period under review, together with the unsold balances, by months:

	Net Sales of 1939 Crop by the Board	Balance of 1939 Crop Held by the Board at end of Month
1940		
July 31st (as per previous report)		182,095,733-25
Less Delivery wrongfully reported by Agent of the Board—subsequently adjusted		106-00
		182,095,627-25
August.....	* 33,370,103-05	148,725,524-20
September.....	55,922-05	148,669,602-15
October.....	28,870-35	148,640,731-40
November.....	118,931-25	148,521,800-15
December.....	21,232-30	148,500,567-45
1941		
January.....	22,141-05	148,478,426-40
February.....	13,643-30	148,464,783-10
March.....	18,770-20	148,446,012-50
April.....	417,534-50	148,028,478-00
May.....	** 32,743,775-15	115,284,702-45
June.....	18,591-35	115,266,111-10
July.....	434,541-45	114,831,569-25
Total for Year	67,264,058-00	

These quantities include *33,334,000 bushels and **32,723,000 bushels, being part of sales of 100 million and 120 million bushels to the United Kingdom.

The month-end liability of the Board to the Banks and Agents of the Board on the 1939 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1940			
August 31st.....	\$ 71,559,487.07	\$ 22,462,746.92	\$ 94,022,233.99
September 30th.....	69,277,399.82	13,107,796.47	82,385,196.29
October 31st.....	75,459,207.76	8,798,199.34	84,257,407.10
November 30th.....	64,567,296.51	3,057,073.90	67,624,370.41
December 31st.....	63,112,101.97	2,136,536.85	65,248,638.82
1941			
January 31st.....	64,960,119.34	1,714,433.18	66,674,552.52
February 28th.....	65,274,463.49	1,178,023.86	66,452,487.35
March 31st.....	57,647,056.65	760,006.24	58,407,062.89
April 30th.....	43,142,634.98	592,174.42	43,734,809.40
May 31st.....	33,368,394.20	287,272.03	33,655,666.23
June 30th.....	32,160,335.21	105,695.52	32,266,030.73
July 31st.....	31,758,004.59	34,364.55	31,792,369.14

1939 and 1940 Crops Combined

A combined statement showing the net sales of the 1939 and 1940 Crops, together with stocks unsold for both crops, by months, follows:

	Net Sales by the Board			Balance Held by Board at End of Month		
	1939 Crop	1940 Crop	Total	1939 Crop	1940 Crop	Total
1940						
July 31st (as per previous report)				182,095,733-25		
Less—Delivery wrongfully reported by Agent of the Board—subsequently adjusted				106-00		
				182,095,627-25		182,095,627-25
August.....	33,370,103-05	66,666,297-40	100,036,400-45	148,725,524-20	(66,510,830-30)	82,214,693-50
September.....	55,922-05	3,615-45	59,537-50	148,669,602-15	40,820,493-15	189,490,095-30
October.....	28,870-35	63,613-35	92,484-10	148,640,731-40	122,711,207-50	271,351,939-30
November.....	118,931-25	46,819-50	165,751-15	148,521,800-15	162,008,499-25	310,530,299-40
December.....	21,232-30	39,124-15	60,356-45	148,500,567-45	196,479,365-05	344,979,932-50
1941						
January.....	22,141-05	84,319-20	106,460-25	148,478,426-40	212,010,107-25	360,488,534-05
February.....	13,643-30	57,845-20	71,488-50	148,464,783-10	222,507,317-15	370,972,100-25
March.....	18,770-20	51,677-30	70,447-50	148,446,012-50	228,802,641-35	377,248,654-25
April.....	417,534-50	870,842-25	1,288,377-15	148,028,478-00	238,036,661-00	386,065,139 00
May.....	32,743,775-15	72,436,843-25	105,180,618-40	115,284,702-45	194,073,582-25	309,358,285-10
June.....	18,591-35	81,887-55	100,479-30	115,266,111-10	223,297,901-00	338,564,012-10
July.....	434,541-45	1,240,992-35	1,675,534-20	114,831,569-25	253,713,363-15	368,544,932-40
Total for Year	67,264,058-00	141,643,879-35	208,907,937-35			

STATEMENTS

Appended to this Report you will find the following statements with respect to the 1940 Crop, 1939 Crop and 1938 Crop, as at 31st July, 1941:

Consolidated Balance Sheet.....	Exhibit "A"
Statement of Crop Account Assets and Liabilities and Consolidation Thereof.....	Exhibit "B"
Statement of Operations 1940 Crop — Western Division.....	Exhibit "C"
Statement of Revenue and Expenditure — 1940 Crop Processing Levy Account.....	Exhibit "D"
Statement of Operations 1939 Crop — Western Division.....	Exhibit "E"
Statement of Operations 1940 Crop — Eastern Division.....	Exhibit "F"

CONSOLIDATED BALANCE SHEET

(Exhibit "A")

Cash Wheat

The first item shown under this heading is the valuation of cash wheat stocks carried in country and terminal elevators, or in transit. These were valued on the basis of closing market quotations of 31st July, 1941, basis in store Fort William/Port Arthur or Vancouver.

The second item shows wheat sold but not delivered at the date of the Balance Sheet, and these stocks are valued at the sales prices.

Accounts Receivable

The first item shown under this heading represents uncompleted sales of wheat futures to the United Kingdom, which are payable only as the transactions are completed.

The second item represents processing levy assessments for which Returns were filed and payment made subsequent to the date of the Balance Sheet.

Memberships

The component items included under this heading represent two memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association, Limited (commonly known as the "Clearing House", through which all futures contracts are cleared daily), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost, less dividends received, and are, of course, necessary for the conduct of the Board's operations.

Deficits

The marketing operations of the 1938 Crop were completed on 31st July, 1940. The following is a summary of the variations in this account since that date:

Deficit resulting from the operations of the Wheat Board on 1938 Crop Account, for the period from 1st August, 1938, to 31st July, 1940	\$61,282,329.55
<u>Add:</u>	
Interest and bank charges to 31st July, 1941	146,821.08
Portion of the Western Division administrative and general expenses for the year ended 31st July, 1941	5,000.00
	<hr/>
<u>Deduct:</u>	\$61,434,150.63
Credit arising from adjustment of cash wheat commissions and sundry claims	8,321.62
	<hr/>
Deficit as at 31st July, 1941	<u>\$61,425,829.01</u>

The deficit in respect of the 1939 Crop Account represents the result of the operations for the period from 1st August, 1939 to 31st July, 1941. These are subject to a final accounting when all of the wheat has been disposed of.

Liability to Agents

When wheat is delivered by the producers to the country elevators of the companies who act as Agents of the Board, the companies pay the producers for the wheat on the basis of Board initial prices. This liability continues to be carried by the companies until such time as the wheat is unloaded in a deliverable position.

1930 Wheat Crop Equalization Payment Account

As stated in our previous Report, this item represents the residue of \$6,600,000.00 made available to the Board for the purpose of equalizing the various payments made in respect of the 1930 Crop by the Canadian Co-operative Wheat Producers Limited, as repayment for the Board's expenses in this connection and for other special purposes.

Amount due to Producers, Eastern Division, 1939 Crop Account

This amount represents the outstanding Certificates of the 1939 Crop Account final payment. Every reasonable effort has been made to secure these outstanding Certificates, by circularizing the Agents of the Board and in letters to the actual producers. Between the date of the Balance Sheet and 31st December, 1941 this amount had been reduced to \$8,169.88.

Accrued Expenses Payable

As stated on the face of the Balance Sheet, this item includes all accrued charges, representing freight, storage charges, etc., and includes a credit balance which will be due to the 1941 Crop year as the sales made to the United Kingdom are completed.

Net Surplus from the Operations of Prior Years

As stated in our previous Report, the net surplus of \$4,902,309.36 is the result of the marketing of the wheat holdings acquired from Canadian Co-operative Wheat Producers Limited at 2nd December, 1935, less funds transferred to the Department of Finance, Ottawa, and deficits from the operations of the Board on 1935 and 1936 Crop Accounts.

STATEMENT OF CROP ACCOUNT ASSETS AND LIABILITIES AND CONSOLIDATION THEREOF

(Exhibit "B")

Instead of showing separate Balance Sheets for each Crop Account it was considered desirable this year to show a Consolidated Balance Sheet, plus this supplementary statement which shows all of the Balance Sheet items for each crop year on one statement. Most of the items shown have already been explained in the comments on Exhibit "A".

Under the heading of "1940 Crop Account — Western Division" there is included in the "Liabilities" an item of \$8,090,076.99 due from 1939 Crop Account. This represents the daily Clearing House adjustments and other items affecting the uncompleted sales of wheat futures. These items are handled through one Crop Account and are adjusted periodically as the sales are completed.

STATEMENT OF OPERATIONS 1940 Crop Account (Exhibit "C")

Wheat Acquired

Under this heading are shown the quantities of wheat received from the Agents of the Board on behalf of the producers.

Wheat Sold

Shown under this heading are sales actually completed, for which payment has been received, and also the uncompleted sales at contract prices, for which payment will be received at time of delivery.

Futures Contracts

This item reflects the profits arising as a result of the sales of futures contracts exchanged against cash wheat sales, after valuing the open futures sales contracts, as at 31st July, 1941, at closing market prices.

Stocks of Wheat on Hand

These were valued on the basis of closing market quotations 31st July, 1941, basis in store Fort William/Port Arthur or Vancouver, and the net final deficit of \$4,443,300.44 is therefore based on the theory that net stocks of cash wheat and futures contracts held by the Board could have been sold at the prices used in valuing these holdings, subject only to final grade adjustments.

Carrying Charges and Other Costs

Carrying Charges

Carrying charges on wheat stored in country elevators represent storage and interest charges paid and payable to the Agents of the Board.

Storage on Wheat in Terminal Elevators

This covers storage paid or accrued on wheat carried in interior, lakehead, eastern, United States and seaboard terminals.

Storage on Wheat Stored on Farms

This item has been previously commented upon and supported by a statement of the periods during which farm storage was operative, the payment per bushel, and also the amount of storage paid during each period.

Interest and Bank Charges

This item represents interest on bank loans at the rate of 3 per cent. together with the usual bank charges for exchange, transfers of funds, etc.

Additional Freight

Included under this heading is an amount of additional freight which was paid on wheat purchased on the basis of Vancouver freight rates, but which had subsequently to be moved eastward, less a small amount of freight recovered on shipments to Churchill from purchases made on the basis of Fort William/Port Arthur freight rates.

Drying and Reconditioning Charges, Etc.

This item is subject to final grade adjustments with the Agents of the Board when all the wheat has been delivered by them. It also includes the value of wheat lost in transit between interior terminals and lakehead or Pacific Coast terminals, which, however, represents a very trifling percentage in comparison with the total quantity shipped. A portion of the value of the shrinkage has been, or will subsequently be, collected from the railway companies.

STATEMENT OF REVENUE AND EXPENDITURE

Processing Levy Account

(Exhibit "D")

Pursuant to the provisions of Part II of The Canadian Wheat Board Act and effective as from 24th July, 1940, the manufacturers and importers of flour or other product manufactured from wheat for human consumption were required to pay to the Board a processing levy of 15 cents per bushel of wheat utilized for the production of the wheat product. As shown in this Exhibit, a gross revenue of \$5,966,791.63 resulted from the application of the processing levy, and after deducting the expenses of administering the collection of the levy, amounting to \$99,662.23, a net revenue remained of \$5,867,129.40, which amount was deemed to be ordinary revenue of the Board and has accordingly been credited to the operations on 1940 Crop Account—Western and Eastern Divisions. The allocation of the net revenue to the respective Divisions has been made in proportion to the total number of bushels of wheat delivered to the Board in each Division during the year ended 31st July, 1941, in accordance with Order-in-Council P.C. 9936 of 23rd December, 1941.

STATEMENT OF OPERATIONS

1939 Crop Account (Exhibit "E")

The various items shown in this statement have previously been explained in the comments on Exhibit "C"; therefore, only the items which do not appear in the Exhibit referred to require further explanation.

Wheat Acquired

The wheat delivered through the Clearing House represents part of the normal operations of the Board. During the usual delivery months when the futures contracts expire (namely, May, July, October and December), it is the privilege of companies who have hedged wheat in the futures market to deliver the equivalent cash wheat to holders of long futures. In the case of the Board, these deliveries are made against long futures acquired against the sale of cash wheat.

Wheat transferred from 1938 Crop Account in exchange for long futures contracts held on 1939 Crop Account was dealt with in our previous Report. The transfer was made for the purpose of economy of operation, and because of the difficulty in handling three crop years at one time. Provision was made at the time of the transfer for possible loss in disposition of the out-of-position stocks at Churchill and Vancouver.

EASTERN DIVISION
STATEMENT OF OPERATIONS
1940 Crop Account (Exhibit "F")

Exhibit "F" reflects the result of the Board's operations in the handling of the 1940 Ontario wheat crop. These operations resulted in a surplus of \$97,558.86 after adding net revenue from processing levy of \$20,029.52. Of the net surplus, \$94,558.86 was allocated for final payment to the producers, and the balance of \$3,000.00 represents the estimated expenses of making the payment. These expenses include salaries, printing and stationery, postage, excise stamps, exchange on cheques, etc.

The cost of the uncontrollable expenses incidental to the physical handling of the wheat, plus interest and bank charges, etc., amounted to 2.1393 cents per bushel, and for administrative and general expenses, 1.8028 cents per bushel. Deliveries to the Board from the 1940 Crop totalled 1,354,315-00 bushels. These deliveries by grades, together with the net sales proceeds per bushel, initial and final payments, are as follows:

	Deliveries to the Board	Net Sales Proceeds	Initial Payment	Final Payment
Canada Eastern Mixed Winter				
No. 1.....	561,495-10	76.372¢	70¢	6.372¢
No. 2.....	381,942-10	75.344	68	7.344
No. 3.....	82,975-40	73.958	65	8.958
Tough No. 1.....	15,859-50	74.333	67	7.333
Tough No. 2.....	26,969-30	73.385	65	8.385
Tough No. 3.....	12,033-40	72.135	62	10.135
Smutty No. 1.....	536-40	72.372	65	7.372
Smutty No. 2.....	1,207-00	71.131	63	8.131
Canada Eastern Red Winter				
No. 1.....	128,207-50	76.372	70	6.372
No. 2.....	19,184-20	75.372	68	7.372
No. 3.....	2,569-50	73.856	65	8.856
Tough No. 1.....	10,489-30	74.372	67	7.372
Tough No. 2.....	5,862-10	73.372	65	8.372
Tough No. 3.....	340-30	72.135	62	10.135
Smutty No. 1.....	410-30	72.372	65	7.372
Smutty No. 2.....	591-40	71.372	63	8.372
Canada Eastern White Winter				
No. 1.....	49,323-40	76.372	70	6.372
No. 2.....	39,937-50	75.322	68	7.322
No. 3.....	10,999-40	73.708	65	8.708
Tough No. 1.....	524-00	74.372	67	7.372
Tough No. 2.....	1,143-30	73.124	65	8.124
Tough No. 3.....	1,710-20	71.729	62	9.729
	<u>1,354,315-00</u>			

Deliveries of Ontario wheat by producers to the Board, as reported by our Agents, net sales and unsold stocks held by the Board each month, are reflected in the following statement, in bushels:

	Deliveries to the Board	Net Sales of 1940 Crop by the Board	Balance of 1940 Crop Held by the Board at End of Month
1940			
August.....	1,066,784-20	333,210-00	733,574-20
September.....	274,137-40	655,471-50	352,240-10
October.....	8,713-30	31,756-35	329,197-05
November.....	2,260-50	8,677-10	322,780-45
December.....	.....	14,424-45	308,356-00
1941			
January.....	344-20	116,858-50	191,841-30
February.....	161-00	19,268-50	172,733-40
March.....	.....	20,167-40	152,566-00
April.....	390-00	100,015-25	52,940-35
May.....	198-50	21,067-40	32,071-45
June.....	.....	32,071-45	.....
July.....	1,324-30	1,324-30	.....
Total for Year	<u>1,354,315-00</u>	<u>1,354,315-00</u>	

PLANS FOR 1941-42

Early in 1941, the Board, together with the Advisory Committee, turned its attention to the matter of 1941-42 wheat policy. Definite recommendations in this regard were made to the Cabinet Wheat Committee. With the carry-over of Canadian wheat threatening to exceed 500 million bushels, and with storage facilities badly congested, it seemed clear that continuation of the traditional policy of unrestricted wheat production was not advisable under war conditions. The considerable outlay for storage and carrying charges on huge stocks of wheat could not logically be increased, when the funds were needed in more direct war effort. There developed a fairly common agreement that wheat deliveries must be restricted to the amount of wheat that could be sold at home and abroad during the crop year 1941-42. After arriving at a composite figure of 230 million bushels estimated to cover this disposal, the problem of dividing such deliveries equitably among the Canadian wheat farmers remained for solution.

The 1941-42 wheat program called for limitation of wheat deliveries for the present crop year to 230 million bushels for the whole of Canada. In implementing this program, the Board decided to use

65% of the 1940 wheat acreage as a basis. This proposal, fairly simple as a general principle, turned out to be complex in actual practice. It placed upon the Board the responsibility of determining basic acreage figures for about 235,000 individual producers in the three Prairie Provinces and British Columbia, and to insure that these basic figures were placed in each individual permit book. Basing 1941 acreages for delivery purposes upon 65% of the 1940 acreage meant that basic acreages in general followed the pattern of 1940 and varied from farm to farm, depending upon the 1940 acreage level in each case.

Early consideration of this matter led to the conclusion that there were two basic inequities in limiting wheat deliveries to 65% of 1940 wheat acreage. These inequities concerned those who had unusually **large** wheat acreages in 1940 and those who had unusually **low** wheat acreages in 1940, including those who had no wheat in that year. Well in advance of the new crop year and pursuant to the Board's circulars Nos. 195 and 200 of April 28th and 30th, action was taken to deal with wheat producers in these two extreme positions. About 6,500 producers had their 1940 acreages revised downward for delivery purposes in 1941-42. About the same number had their 1940 acreages revised upward. Dealing with these two extremes has tended to bring wheat acreages throughout the Prairie Provinces into a more equitable relationship. Adjustments of this kind would probably be necessary in connection with any plan of restricting marketings on the basis of acreages sown in any one year.

The Board is giving much more attention to acreage records than in 1940. The entire acreage records are being compiled mechanically in 1941-42, which permits a complete recording of all acreages on the 1941 permits. This tabulation will include the 1941 basic acreage, farm area, acreages seeded to wheat, oats, barley, rye, flaxseed, the acreage in summerfallow and the cultivated acreage. These records are being tabulated along with the name and delivery point of each producer. If acreage control extends into 1942, the Board's records will be available to assist in accurate and easy administration. In addition, these records will constitute a complete record of land utilization in the three Prairie Provinces and that part of British Columbia which comes within the Board's jurisdiction.

The plans for the new crop year were outlined in Order-in-Council P.C. 3849 of May 30th, 1941. In the months of June and July the Acreage Department of the Board was organized, and together with the Quota Department, was engaged in distributing the 1941-42 delivery permits, well in advance of the harvest.

QUOTA SYSTEM, 1941-42

The quota system to be employed in 1941-42 was the subject of considerable study by the Board. It was obvious that the system could not be decided definitely until the size and distribution of the crop were known. It was announced in Parliament on March 12th, 1941 by the Hon. James A. Mackinnon, and set out in Order-in-Council P.C. 3849 of May 30th, 1941 that The Canadian Wheat Board would restrict marketings in Canada to a total of 230 million bushels. This meant that wheat producers in the western provinces would be able to market about 223 million bushels of wheat between August 1st, 1941 and July 31st, 1942. If the western wheat crop of 1941 was so large that the marketable quantity would exceed 223 million bushels, then a restrictive delivery plan would have to be put into effect on an equitable basis. However, if the crop was so reduced that the marketable quantity would be less than 223 million bushels, then the Board was required to allow delivery of the entire marketable quantity.

On November 12th, the western wheat crop was estimated by the Dominion Bureau of Statistics at only 282 million bushels, and on the basis of this figure the wheat deliveries will not exceed 223 million bushels. The delivery system used, therefore, has been a flat quota per basic acre and successive local and general increases, until the whole west was on an "open" quota basis.

Under the Order-in-Council, the Board was obliged to allow deliveries of up to 230 million bushels. If the 1941 crop did not provide this amount, the entire marketable quantity would come forward without restriction except for the equitable division of storage space. The following statement in the House of Commons covers this point:

"The Canadian Wheat Board and the government have given the most careful consideration to an equitable plan by which deliveries of the 230 million bushels will be distributed among wheat producers. The quota system so successful this year will be maintained and these quotas will be based on the production from 65 per cent of the 1940 acreage. The first quota will be a general one and will allow the delivery of the same amount of wheat per acre from every farmer. The second and following quotas will be certain proportions of the 1941 yield for the farmer's shipping point; that is, a high yield point in 1941 will have a higher quota per acre than a low yield point. I cannot at the moment give further details of the delivery plan but I can say that the plan will be equitable as between farmers and as between areas in the prairie provinces. This plan of quotas will operate only if total production provides a marketable surplus of wheat in excess of 230 million bushels. In the event of the crop being smaller than this the system of quotas will require to be varied to meet this condition."

(Hon. James A. Mackinnon, Hansard for March 12th, 1941, page 1599).

The use of a sliding scale of deliveries based on yields would "operate only if total production provides a marketable surplus of wheat in excess of 230 million bushels. In the event of the crop being smaller than this the system of quotas will require to be varied to meet this condition."

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

C. GORDON SMITH,
Assistant Chief Commissioner

W. C. FOLLIOTT,
Commissioner

Winnipeg, Manitoba
January 13th, 1942.

The following pages contain:

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

EXHIBIT "E"

EXHIBIT "F"

APPENDIX A — Regulations

Statutory Declaration

Record Page

APPENDIX B — Processing Levy Regulations

THE CANADIAN CONSOLIDATED

As at 31

ASSETS

Stocks of cash wheat—(In terms of inventories
prepared by responsible officials)

Wheat stocks (valued on the basis of closing market quotations 31st July, 1941, basis in store Fort William/Port Arthur or Vancouver).....	\$225,603,031.96
--	------------------

Wheat sold but not delivered (valued at sales prices less loading charges and carrying costs to delivery dates).....	519,836.17
--	------------

Forwarding charges and carrying costs to be recovered from sales of wheat in eastern and seaboard positions.....	32,856.21	\$226,155,724.34
--	-----------	------------------

Accounts receivable—uncompleted wheat sales.....	\$ 4,359,685.00	
—processing levy assessments.....	692,325.39	
—sundry accounts.....	11,023.98	5,063,034.37

Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association.....		15,274.94
--	--	-----------

Office furniture, equipment and automobiles, at cost less depreciation.....		40,662.62
---	--	-----------

Deficits—resulting from the operations of the Wheat Board, Western Division, for the period from 1st August, 1938, to 31st July, 1941:

1938 Crop Account.....	\$ 61,425,829.01	
1939 Crop Account.....	14,103,685.00	
1940 Crop Account.....	4,443,300.44	79,972,814.45

\$311,247,510.72

WHEAT BOARD BALANCE SHEET

July 31, 1941

LIABILITIES

Advance without interest received from the Department of Finance, Ottawa, and applied on the bank loans of 1938 Crop Account, under the authority of Order-in-Council P.C. 1678, dated 25th April, 1940			\$ 52,000,000.00
Liability to banks—demand loans	\$ 99,812,731.68		
—accrued interest thereon	8,203.79		
—outstanding cheques	276,373.05		100,097,308.52
Liability to Agents for wheat purchased from Producers but not yet delivered to the Wheat Board			145,859,938.26
1930 Wheat Crop Equalization Payment Account—residue made available to The Canadian Wheat Board, under the authority of Order-in-Council P.C. 633, dated 20th February, 1940			78,658.06
Surplus from the operations of the Wheat Board on 1940 Crop Account, Eastern Division, for the year ended 31st July, 1941:			
Available for final payment to Producers	\$ 94,558.86		
Estimated provision for payment expenses	3,000.00		97,558.86
Amount due to Producers, Eastern Division, on the outstanding certificates of the 1939 Crop Account final payment			12,588.24
Accounts payable—sundry accounts			4,852.83
Accrued expenses payable; freight, storage charges, etc., including credit balance on futures sales account deferred to 1941 Crop Account operations			8,194,296.59
Net surplus from the operations of prior years:			
Surplus from the operations in respect of wheat holdings acquired from Canadian Co-operative Wheat Producers Limited, for the period from 2nd December, 1935 to 31st July, 1938	\$ 24,809,988.42		
Deduct—funds transferred to the Department of Finance, Ottawa	8,000,000.00		
	\$ 16,809,988.42		
Deduct—deficits resulting from the operations of the Wheat Board on:			
1935 Crop Account	\$ 11,858,104.18		
1936 Crop Account	49,574.88	11,907,679.06	4,902,309.36
			<u>\$311,247,510.72</u>

THE CANADIAN
STATEMENT OF CROP ACCOUNT ASSETS AND LIABILITIES
As at 31

ASSETS

Stocks of cash wheat:

Wheat stocks
Wheat sold but not delivered
Forwarding charges and carrying costs

Accounts receivable—uncompleted wheat sales
 —processing levy assessments
 —sundry accounts

Net funds transferred to Winnipeg Office
Grain trade Memberships
Office furniture, equipment and automobiles
Deficits—resulting from operations—Western Division

LIABILITIES

Department of Finance, Ottawa

Liability to banks—demand loans
 —accrued interest thereon
 —outstanding cheques

Liability to Agents for wheat purchased from
Producers but not yet delivered to the Wheat Board
Amounts due to and from other Crop Accounts
1930 Wheat Crop Equalization Payment Account

Surplus from operations on 1940 Crop Account, Eastern Division:
 Available for final payment to Producers
 Estimated provision for payment expenses

Amount due to Producers, Eastern Division, on the
 outstanding certificates of the 1939 Crop Account final payment
Accounts payable—sundry accounts
Accrued expenses payable
Net surplus from the operations of prior years

WHEAT BOARD

LIABILITIES AND CONSOLIDATION THEREOF

July, 1941

1940 Crop Account Western Division	1940 Crop Account Eastern Division	1939 Crop Account Western Division	1938 Crop Account	Totals for Consolidated Balance Sheet
\$201,151,996.97	\$	\$ 24,451,034.99	\$	\$225,603,031.96
387,469.08	1,440.93	130,926.16		519,836.17
18,840.04		14,016.17		32,856.21
<u>\$201,558,306.09</u>	<u>\$ 1,440.93</u>	<u>\$ 24,595,977.32</u>		<u>\$226,155,724.34</u>
\$	\$	\$ 4,359,685.00		\$ 4,359,685.00
692,325.39				692,325.39
8,737.88	208.80	2,071.23	6.07	11,023.98
<u>\$ 701,063.27</u>	<u>\$ 208.80</u>	<u>\$ 4,361,756.23</u>	<u>\$ 6.07</u>	<u>5,063,034.37</u>
\$(120,025.22)	\$ 120,025.22	\$	\$	\$
15,274.94				15,274.94
37,480.97	3,181.65			40,662.62
4,443,300.44		14,103,685.00	\$ 61,425,829.01	\$ 79,972,814.45
<u>\$206,635,400.49</u>	<u>\$ 124,856.60</u>	<u>\$ 43,061,418.55</u>	<u>\$ 61,425,835.08</u>	<u>\$311,247,510.72</u>
			\$ 52,000,000.00	\$ 52,000,000.00
\$ 63,538,632.48	\$ 7,329.99	\$ 31,758,004.59	\$ 4,508,764.62	\$ 99,812,731.68
5,222.36	.60	2,610.25	370.58	8,203.79
29,226.49		247,146.56		276,373.05
<u>\$ 63,573,081.33</u>	<u>\$ 7,330.59</u>	<u>\$ 32,007,761.40</u>	<u>\$ 4,509,135.20</u>	<u>\$100,097,308.52</u>
145,824,646.56	927.15	34,364.55		145,859,938.26
(8,090,076.99)		8,075,686.47	14,390.52	
		78,658.06		78,658.06
	94,558.86			94,558.86
	3,000.00			3,000.00
	12,588.24			12,588.24
2,679.67	167.57	2,005.59		4,852.83
5,325,069.92	6,284.19	2,862,942.48		8,194,296.59
			4,902,309.36	4,902,309.36
<u>\$206,635,400.49</u>	<u>\$ 124,856.60</u>	<u>\$ 43,061,418.55</u>	<u>\$ 61,425,835.08</u>	<u>\$311,247,510.72</u>

THE CANADIAN
1940 Crop Account
STATEMENT OF
For the year ended

Wheat acquired:

Delivered or to be delivered by Agents on behalf of Producers,
at Board fixed prices basis Fort William/Port Arthur or Vancouver

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver
Uncompleted sales at contract prices less provision for carrying costs, etc.

Futures contracts—exchanged against cash wheat sales

Less: Sales

Deduct: Open futures sales contracts as at 31st July, 1941

Add: Profit on futures contracts acquired in exchange
against completed and uncompleted cash wheat sales

Net proceeds from sales

Stocks of wheat on hand, valued on the basis of closing market quotations
31st July, 1941, basis in store Fort William/Port Arthur or Vancouver

Surplus on cash wheat transactions

Add: Net revenue from processing levy

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators

Storage on wheat stored in terminal elevators

Storage on wheat stored on farms

Transfer of futures to deferred months

Interest and bank charges

Additional freight on wheat shipped to Fort William/Port Arthur
from points tributary to Vancouver

Additional charges on wheat shipped via Duluth

Handling, stop-off and diversion charges
on wheat warehoused at interior terminals

Drying, reconditioning charges and losses in transit

Brokerage and Clearing Association charges

Administrative and general expenses

Deficit from the operations of the Wheat Board on 1940 Crop Account,
Western Division, for the year ended 31st July, 1941

HEAT BOARD

Western Division

OPERATIONS

August July, 1941

Bushels		Amount	
	<u>395,357,242-50</u>		\$268,265,988.95
	112,263,291-20	\$ 81,216,306.09	
	<u>547,588-15</u>	<u>387,469.08</u>	
	112,810,879-35		\$ 81,603,775.17
111,896,000-00		\$ 85,254,048.75	
40,729,000-00			
<u>28,833,000-00</u>	<u>111,896,000-00</u>	<u>92,449,196.25</u>	
		<u>7,195,147.50</u>	
		\$ 88,798,922.67	
	282,546,363-15	<u>201,151,996.97</u>	<u>289,950,919.64</u>
			\$ 21,684,930.69
			<u>5,847,099.88</u>
			\$ 27,532,030.57
		\$ 18,040,858.30	
		2,284,729.40	
		6,153,639.01	
		<u>196,876.25</u>	26,676,102.96
		772,299.54	
		3,744,809.03	
		35,266.55	
		80,394.99	
		25,071.46	
		118,577.20	
		<u>522,809.28</u>	
	<u>18,501-30</u>		
	<u>395,357,242-50</u>		<u>31,975,331.01</u>
			\$ 4,443,300.44

THE CANADIAN
1940 CROP
STATEMENT OF REVENUE
PROCESSING
For the period from 24

Revenue:

Revenue accruing for the period
from 24th July, 1940, to 31st July, 1941.....

Less—Provision for rebates, contingent claims, etc.....

Expenditure—(Including provision for the expense of
completing the operations of the processing
levy department)

Salaries—Administrative, inspection and office.....

Travelling expense—inspectors.....

—administrative.....

Office rent and light.....

Printing and stationery.....

Telephones and telegrams.....

Legal fees.....

Audit fees.....

Repairs and upkeep of office machinery and equipment....

Postage, excise, office supplies and expenses.....

Alterations to office.....

Depreciation on furniture, equipment and automobiles.....

Net revenue for the period from 24th July, 1940,
to 31st, July, 1941.....

Allocated as follows:

To 1940 Crop Accounts
Western Division.....

Eastern Division.....

HEAT BOARD

count

ND EXPENDITURE

VY ACCOUNT

y, 1940 to 31st July, 1941

\$ 5,986,317.77

19,526.14

\$ 5,966,791.63

\$ 72,839.29

\$ 11,043.58

3,209.57

14,253.15

3,192.03

1,589.23

799.41

1,606.60

1,000.00

147.63

2,391.07

215.00

1,628.8299,662.23\$ 5,867,129.40Handling
(Bushels)Amount
Allocated

395,357,242-50

\$ 5,847,099.88

1,354,315-0020,029.52396,711,557-50\$ 5,867,129.40

THE CANADIAN

1939 Crop Account

STATEMENT OF

For the period from 1st August, 1939, to 31st July, 1941

Wheat acquired:

Purchased from Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Purchased from Producers under the Dominion-Provincial Seed Exchange Policy (no Producers' certificates issued) at Board fixed prices.....

Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....

Transferred from 1938 Crop Account in exchange for long futures contracts held on 1939 Crop Account, at less than Board fixed prices.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Uncompleted sales at contract prices less provision for carrying costs, etc.....

Futures contracts—exchanged against cash wheat sales.....

Less: Sales.....

Open futures purchase contracts as at 31st July, 1941.....

Add: Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations

31st July, 1941, basis in store Fort William/Port Arthur or Vancouver.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Less: Freight recovered on shipments to Churchill.....

Additional charges on wheat shipped via Duluth.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying and reconditioning charges, grade adjustments and losses in transit.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1940.....

Add: Express charges on returned stationery and other expenses paid in 1940-41.....

20% of the Western Division administrative and

general expenses for the year ended 31st July, 1941.....

Deficit from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939, to 31st July, 1941

HEAT BOARD

Western Division

OPERATIONS

39, to 31st July, 1941

Bushels		Amount	
342,388,146-10		\$232,882,375.59	
<u>907-20</u>	342,389,053-30	<u>635.13</u>	\$232,883,010.7
	43,886,000-00		31,450,447.3
	<u>3,465,142-05</u>		<u>2,015,319.3</u>
	<u>389,740,195-35</u>		\$266,348,777.4
	354,164,970-20	\$261,633,170.24	
	<u>193,655-50</u>	<u>130,926.16</u>	
	354,358,626-10	\$261,764,096.40	
347,081,000-00		\$269,715,868.75	
267,631,000-00			
<u>79,450,000-00</u>	<u>347,081,000-00</u>	<u>—</u>	<u>274,068,281.25</u>
		<u>4,352,412.50</u>	
		\$266,116,508.90	
	35,381,569-25	<u>24,451,034.99</u>	290,567,543.8
			\$ 24,218,766.4
	\$ 10,431,956.70		
	8,233,577.35		
	<u>13,386,303.75</u>	\$ 32,051,837.80	
		2,604,210.03	
	\$ 1,970,534.46		
	<u>9,760.22</u>	1,960,774.24	
		5,172.96	
		548,378.88	
		3,157.89	
		546,013.54	
	\$ 470,867.16		
	1,336.66		
	<u>130,702.32</u>	<u>602,906.14</u>	
	<u>389,740,195-35</u>		
			<u>38,322,451.4</u>
			\$ 14,103,685.0

THE CANADIAN

1940 Crop Account

STATEMENT OF

For the year ended 31st July, 1941

Wheat delivered by Producers, at Board fixed prices, basis Montreal.....

Wheat sold:

Completed sales at realized prices, basis in store Montreal

Uncompleted sales at contract prices.....

Surplus on cash wheat transactions

Add: Net revenue from processing levy.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.:

Storage and carrying charges.....

Elevation.....

Railway charges—switching, stop-off charges, etc.....

Insurance.....

Inspection and weighing.....

Reconditioning and grade adjustments

Less: Recovered on handling charges

Interest and bank charges.....

Cash wheat brokerage.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board
on 1940 Crop Account, Eastern Division, for
the year ended 31st July, 1941.....

HEAT BOARD

Western Division

OPERATIONS

August July, 1941

Bushels

Amount

1,354,315-00

\$ 930,566.37

1,352,990-30

\$ 1,060,043.97

1,324-301,354,315-001,440.931,061,484.90

\$ 130,918.53

20,029.52

\$ 150,948.05

\$ 15,820.33

6,238.15

4,961.31

98.03

56.40

445.91

\$ 27,620.13

2,798.91

\$ 24,821.22

1,297.36

2,854.42

24,416.1953,389.19\$ 97,558.86

*REGULATIONS UNDER SECTION 7 (i) OF
THE CANADIAN WHEAT BOARD ACT*

For the Crop Year 1940-41

1. No person shall deliver wheat, oats or barley to any country elevator, loading platform, mill or terminal elevator without a permit from The Canadian Wheat Board.

2. It shall be the duty of the producer to obtain a blank permit book from any elevator agent, and the producer shall take the book to a Municipal-Secretary or any other person authorized to administer oaths, and have both copies of the statutory declaration at the front of the book properly sworn.

3. Both copies of the statutory declaration shall be signed by the person taking the declaration, and by the person before whom the declaration is sworn.

4. It shall be the duty of the permit holder to return the first copy of the sworn declaration to the elevator agent as quickly as possible, but not later than the date of his first delivery, and it shall then be the duty of the elevator agent to return the first copy of the sworn declaration to The Canadian Wheat Board through his head office. The second sworn copy must be retained in the book.

5. At the time of receiving the permit the producer shall select one delivery point for his wheat, oats and barley, which point shall be recorded on the permit, and no wheat, oats or barley shall be delivered at any point other than the one shown on the permit.

6. The permit holder shall insert in the first lines of the space provided in the permit book for the recording of deliveries the quantity of wheat, oats and barley (if any) delivered between August 6th, 1940, and the date of the issuance of the said permit for the farming unit described therein.

7. The aggregate deliveries from the farming unit described in the permit shall not exceed the quotas established by The Canadian Wheat Board.

8. The delivery quotas allowable to each producer shall be in net weights, that is, after dockage is deducted.

9. No person shall apply or deliver any wheat, oats or barley on his quotas from any land other than that described in the permit.

10. When wheat, oats or barley is delivered at any country elevator, loading platform, mill or terminal elevator, it shall be the duty of the agent of the company receiving delivery to record and initial these deliveries and all other details in the permit book.

11. The permit book shall not be mutilated or defaced and no entry in it shall be altered or erased unless made and initialled by the agent who made the original entry.

12. Only one permit book shall be issued for each farm or group of farms operated as a unit, and all deliveries from such farming unit, whether by or on behalf of or for the credit of any producer whether farmer, landlord, vendor, mortgagee, or any person entitled to the grain, shall be entered in the one permit book.

13. Producers with widely separated farms necessitating delivery at two or more stations may make application to the Board for an extra permit or permits, supplying the Board with evidence that no duplication of acreage exists.

14. In the case of cars of grain shipped over the loading platform, it shall be the duty of the producer to make sure that the quantity loaded does not exceed the quota. The railway agent shall take all reasonable precautions to ensure that the amount loaded does not exceed the quota for the lands described in the permit book submitted to him. The permit book must accompany the bill of lading to the office of the company handling the shipment, where the recording of quantities shall be made. While the permit is out of the producer's possession, he can make no other delivery of grain.

15. Every person who delivers wheat, oats or barley in excess of the established quotas or infringes any of the regulations regarding quotas shall be guilty of an offence and shall be punishable on summary conviction by a fine not exceeding three hundred dollars or by imprisonment for a period not exceeding three months, or by both such fine and such imprisonment.

16. All persons taking part in grain deliveries in breach of the law, either directly or indirectly, are liable to prosecution.

17. The producer actually carrying on the farming operations shall have the prior right to possession of the permit.

18. Questions as to the priority and division of deliveries as between growers, landlords, vendors, mortgagees and other persons entitled to wheat, oats and barley shall be settled by the various parties between themselves.

19. At the request of any officer of the law or of a duly authorized agent, inspector, clerk or employee of The Canadian Wheat Board, any person delivering wheat, oats or barley shall produce the permit under which the said delivery is being or has been made, and any permit holder shall, at the request of any such officer of the law or duly authorized agent, inspector, clerk or employee of The Canadian Wheat Board, produce any permit held by him and give such information as may be required respecting the seeded acreage and production and the delivery of grain under The Canadian Wheat Board Act.

STATUTORY DECLARATION

DELIVERY POINT SELECTED  DATE 194..... No.....

FULL NAME OF GROWER..... PERMIT

P.O. Address.....	Municipality.....	Province.....
Location of farm, Sec.....	Tp..... R.....	Mer.....
Sec.....	Tp..... R.....	Mer.....
Sec.....	Tp..... R.....	Mer.....

Acres in Farm.....

SEEDED ACREAGE.....

Wheat.....

Oats.....

Barley.....

I/we the undersigned in consideration of the issue to me/us of this permit to deliver grain, hereby undertake and agree with The Canadian Wheat Board that:

1. I/we will not deliver in excess of the quotas permitted by the Board, either personally or through anyone else, from the above farm.
2. I/we will comply with the terms of The Canadian Wheat Board Act and regulations issued by the Board, and this agreement is subject to the said Act and regulations.
3. I/we will have faithfully recorded in this permit all deliveries made by me/us from the above farm whether on behalf of myself/ourselves or of the landlord, vendor, mortgagee or any others.
4. I/we will not deliver grain from anyone else's farm in my/our name.

I/WE KNOW THAT THE LAW PROVIDES A MONEY PENALTY AND IMPRISONMENT FOR EXCEEDING THE ESTABLISHED QUOTA.

AND I,..... DO SOLEMNLY DECLARE AND SAY that the above information in respect of the farm or farms hereinbefore described is correct in every detail.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of The Canada Evidence Act.

DECLARED before me at the.....
of.....
Province of.....
day of.....
A.D., 194.....
in the }
this }
A.D., 194.....

SIGNATURE OF PERMIT HOLDER

J. P., COMMISSIONER OR NOTARY, ETC.

NOTE: This copy is to be returned immediately by the elevator agent or grain dealer through his head office to The Canadian Wheat Board, Winnipeg, Manitoba. The duplicate must be retained in the book.

QUOTAS:

Wheat..... bus.

Oats.....bus.

Barley bus.

RECORD OF BUSHELS DELIVERED - 1940 CROP

The Producer is required to see that this record is kept up to date and that the total deliveries of each grain are kept within the quotas.

[illegible]

PROCESSING LEVY REGULATIONS

(Approved by Order-in-Council P.C. 4387 of September 3rd, 1940.)

1. The processing levy is fixed at fifteen cents (15c) per bushel of wheat utilized for the production of the wheat product. It applies to any wheat product intended for human consumption in Canada whenever such wheat product is delivered by the processor thereof to any purchaser. The phrase "delivered by the processor thereof to any purchaser" includes a wheat product which is delivered either with or without consideration to any party who takes title to the wheat product from or through the processor, whether or not the processor has or ever has had title to the wheat product or to the wheat utilized in such product. The levy, therefore, applies, for example, whenever a party takes his own wheat to a processor and takes flour or other wheat product in return, even though the flour or wheat product is processed from his own wheat.

The processing levy also applies whenever any wheat product intended for human consumption in Canada is imported or taken out of customs warehouse.

The processor, importer or the transferee who takes the wheat product out of bond for consumption, as the case may be, is liable for payment to The Canadian Wheat Board at Winnipeg of the processing levy on any wheat product delivered on and after July 24th, 1940.

2. The levy does not apply to wheat ground into flour or other manufactured products, that are used for animal or other than human consumption.

3. **Flour** manufactured for human consumption, upon which the processing levy applies, shall mean wheat flour containing not more than one (1) part per cent of ash together with other conditions as defined in Order-in-Council P.C. 221 of January 31st, 1939, amending Section 8 of regulations under the Food and Drugs Act: Provided, however, that whole-wheat flour and graham flour shall be taxable irrespective of the ash content therein.

4. The term "**other product**" includes any product resulting from the alteration of wheat from its original state, or resulting from the mixing of wheat with some other grain or substance, and therefore includes wheat which is ground, cracked wheat, wheat mixed with other grains, as well as any other product resulting from any treatment of wheat which alters its original state, and any product of which wheat or wheat product is one of the ingredients.

5. For the purpose of computation of the processing levy in respect to:

- (a) **Flour**—The levy shall be assessed on the basis of four and two-thirds ($4\frac{2}{3}$) bushels of wheat being equal to one barrel or one hundred and ninety-six (196) pounds of flour. The amount of levy payable to the Board by the processor, importer or the transferee who takes the flour out of bond for consumption, as the case may be, shall be seventy cents (70c) per barrel (196) pounds of flour.
- (b) **Other Products**—Manufacturers of products other than flour must submit certified statements to the Board of the quantities of wheat and wheat products used in such products in order that the Board may set a basis of levy for each of such products.

Appendix B—Continued

6. (a) The levy shall be paid to The Canadian Wheat Board, at Winnipeg, by the processor, or by the importer or the transferee who takes the wheat product out of bond for consumption, as the case may be, on the first day of the month following delivery of the wheat product, but there is no penalty if the levy is paid to the Board on or before the last day of the month following delivery of the wheat product. (see "Penalty" clause).
- (b) Returns on forms obtainable from the Board shall be completed and filed in accordance with 6 (a).
7. Every processor, importer or transferee who takes the wheat product out of bond for consumption, shall keep records relating to the levy. These records shall accurately and faithfully represent the facts of the transactions, and shall be subject at any time to examination by a duly authorized officer of the Board.
8. (a) No person or corporation shall import or take out of customs warehouse any flour or other product manufactured from wheat for human consumption, without permission of the Board. If permit for importation is given by the Board, the levy of fifteen cents (15c) per bushel is payable to The Canadian Wheat Board, at Winnipeg.
- (b) No processor shall process any wheat grown outside of Canada without permission of the Board. If permit for importation is given by the Board, the levy of fifteen cents (15c) cents per bushel is payable to The Canadian Wheat Board, at Winnipeg.
9. On any part of the wheat product purchased for domestic consumption and later exported, upon which refund of processing levy will be claimed, the purchaser who later exports the wheat product shall take an affidavit giving all particulars. Proof of export in such cases shall be furnished to The Canadian Wheat Board, 423 Main Street, Winnipeg, Manitoba.
- (a) **Ships' Stores**—The levy applies to flour or other product manufactured from wheat delivered to lake and river steamers and barges, provided they are operating in the Canadian trade. Any flour or other product manufactured from wheat that may be taken on as stores whilst in foreign ports is subject to the levy as in Section 8. On flour or other product manufactured from wheat delivered to ocean or coastwise steamers, the levy is payable on that part consumed in Canadian waters. The levy shall be collected by the processor on delivery, and application for refund made by the purchaser.

NOTE:—The penalties provided in the Act are:

- (a) Any processor who does not pay the levy to the Board on or before the last day of the month following delivery of the wheat product as herein provided shall be subject to a penalty of one-thirtieth of one per centum of the amount due on account of the aforesaid levy for each day that such payment is in default.
- (b) Any breach of any provision of Section 18 of the Act or of any regulation made thereunder shall be punishable on summary conviction by imprisonment for not more than one year or by a fine not exceeding five thousand dollars or by both such imprisonment and such fine.

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REPORT
of
The Canadian Wheat Board

Crop Year 1941-1942

REPORT
of
The Canadian Wheat Board

Crop Year 1941-1942

Report of The Canadian Wheat Board

To:

The *HONOURABLE JAMES A. MACKINNON*,

Minister of Trade and Commerce,

OTTAWA, Canada.

In 1941-42, the activities of The Canadian Wheat Board show the first reflections of the reduced emphasis on wheat and the trend toward diversification of western grain production. The restrictive effect of the third year of war upon the international movement of wheat resulted in enlarged accumulations of surplus wheat in the four chief exporting countries—a surplus which increased from 635 million bushels on July 31st, 1939 to 1,430 million bushels on July 31st, 1942.

Although supplying the bulk of the wheat requirements of the United Kingdom since the outbreak of war, exports of Canadian wheat were not sufficient to take care of the large crops harvested in 1939 and 1940, with the result that the Canadian carryover increased to record proportions on July 31st, 1941. The upward trend in wheat stocks in Canada was only moderately offset by the small crop produced in 1941, the carryover at July 31st, 1942 being 424 million bushels compared with 480 million bushels at July 31st, 1941.

Thus, the third year of the war found the exporting countries generally concerned with problems of surplus wheat, problems of storage, and problems in the financing of wheat in all its aspects. These were the circumstances under which The Canadian Wheat Board operated in 1941-42, under the wheat programme established by the Dominion Government for that crop year.

1941-42 WHEAT PROGRAMME

With Canadian stocks of wheat indicating a prospective Canadian carryover of unprecedented proportions on July 31st, 1941, the 1941-42 wheat programme was the subject of intensive study by the Dominion Government, The Canadian Wheat Board, and the Advisory Committee to The Canadian Wheat Board. In discussing plans for 1941-42 the report of The Canadian Wheat Board for the crop year 1940-41 stated:

“With the carryover of Canadian wheat threatening to exceed 500 million bushels, and with storage facilities badly congested, it seemed clear that continuation of the traditional policy of unrestricted wheat production was not advisable under war conditions. The considerable outlay for storage and carrying charges on huge stocks of wheat could

not logically be increased, when the funds were needed in more direct war effort. There developed a fairly common agreement that wheat deliveries must be restricted to the amount of wheat that could be sold at home and abroad during the crop year 1941-42."

The 1941-42 wheat delivery programme was provided for in Order in Council P.C. 3849 of May 30th, 1941. This programme called for the limitation of wheat deliveries for the crop year 1941-42 to approximately 230 million bushels for the whole of Canada. The Canadian Wheat Board was charged with the responsibility of implementing the limitation in total marketings of wheat in Canada, and under the above Order in Council was given the necessary regulatory powers. In the administration of the limitation on total marketings in the West, an "authorized acreage" for delivery purposes was established for each producer on the basis of 65% of his declared wheat acreage in 1940. Facilities were provided for the upward adjustment of authorized wheat acreages in the case of producers who had seeded an unusually low wheat acreage in 1940. Particular attention was paid to those districts where drought and grasshoppers greatly reduced wheat seeding in 1940. Other producers had their authorized acreages lowered because of unusually high wheat acreages seeded in 1940. The adjustment of these extremes modified the inequities arising from the use of a single base year.

The number of bushels per authorized acre to be marketed in 1941-42 was left open until the size and pattern of the 1941 crop were known. Provision was made for a sliding scale of deliveries based on yields should the size and distribution of the 1941 crop make such an arrangement necessary.

The statutory fixed initial price of 70¢ per bushel basis in store Fort William/Port Arthur or Vancouver remained in effect.

The Wheat Acreage Reduction Act 1941 played an important part in defining the wheat position in Canada during 1941-42. Under this legislation bonuses were paid for wheat acreage reduction in 1941 as compared with 1940.

THE DEVELOPMENT OF THE 1941 CROP

(a) Acreage

As contemplated by the 1941-42 wheat programme, including the introduction of bonuses for wheat acreage reduction, a very large decline in wheat acreage was reported by the Dominion Bureau of Statistics on August 10th, 1941. The acreage sown to wheat in Canada declined from 28,726,000 acres in 1940 to 21,882,000 acres in 1941, and wheat acreage in the prairie provinces declined from 27,750,000 acres to 21,140,000 acres—a reduction of about 24%. Wheat acreage in the prairie provinces in 1941 was the lowest in fifteen years, and returned to the approximate levels of 1927 and 1928.

(b) Growing Conditions

The 1941 crop was seeded under favourable circumstances and it was not until June 15th that adverse conditions developed in parts of Saskatchewan and Alberta. During the balance of June and July a combination of drought and extremely high temperatures caused a rapid deterioration in the grain crops in Saskatchewan and Alberta. Conditions remained favourable in Manitoba throughout the season. By the middle of July it was apparent that 1941 production would be well below average. The following table shows grain production in Canada and in the prairie provinces in 1941, with comparative figures for 1940:

	All Canada		Prairie Provinces	
	1941	1940	1941	1940
	(million bushels)		(million bushels)	
Wheat.....	315	540	296	514
Oats.....	306	381	178	229
Barley.....	111	104	95	83
Rye.....	12	14	10	12
Flax.....	6	3	6	3
Totals.....	750	1,042	585	841

Wheat production in Canada was 225 million bushels less than in 1940, and the production of all grain and flaxseed was 292 million bushels less than in the previous year.

The decline in wheat production in 1941, resulting from low yields per acre and a large reduction in wheat acreage, was reflected in the subsequent administration of 1941-42 wheat policy by The Canadian Wheat Board. Although crop estimates made in the fall of 1941 turned out to be too low when disposition data were complete, it was apparent that the probable deliveries would not be sufficiently different from "approximately 230 million bushels" to justify the continuance of a restrictive quota system.

MARKETINGS AND PRICES

During the crop year 1941-42, producers in Western Canada marketed 227.9 million bushels of wheat as compared with marketings of 456 million bushels during 1940-41. Thus, marketings in 1941-42 were about one-half the volume of the preceding crop year. Of particular importance, wheat marketings by producers during the last month of the crop year amounted to about 25 million bushels. The last week of July was the third heaviest delivery week of the entire crop year, over 9 million bushels of wheat being marketed in that week. These heavy deliveries in the last few weeks of the crop year materially affected the storage situation at a large number of points in the West, and had definite repercussions upon available storage

space and delivery quotas in the early part of the new crop year commencing on August 1st, 1942. Heavy deliveries of wheat in the final months or weeks of the crop year will always present administrative difficulties for The Canadian Wheat Board, and will have repercussions on the ensuing crop year as long as relatively large stocks are being carried in Canada.

Of total marketings of 227.9 million bushels in the West during the crop year 1941-42, producers delivered 100 million bushels to the Board, or about 44% of their marketings. In the previous crop year producers delivered 395 million bushels to the Wheat Board out of total marketings of 456 million bushels.

The relatively small amount of wheat delivered to the Board in 1941-42 was a reflection of the fact that the market price for wheat remained steadily above the Board's price throughout the crop year, as shown in the following table:

	Board Price No. 1 Nor. Wheat Plus Farm Storage	Cash Closing Price* No. 1 Nor. Wheat	
		(cents per bushel)	
		High	Low
August.....	70	74 ³ / ₈	71 ⁵ / ₈
September.....	70	73 ⁷ / ₈	71 ³ / ₈
October.....	70	77 ³ / ₈	71 ⁵ / ₈
November.....	70 ¹ / ₂ —71	74 ⁵ / ₈	72 ¹ / ₈
December.....	71 —71 ¹ / ₂	75 ³ / ₈	73 ³ / ₄
January.....	71 ¹ / ₂ —72 ¹ / ₂	78 ³ / ₄	74 ⁵ / ₈
February.....	72 ¹ / ₂ —73	78 ³ / ₄	75 ¹ / ₂
March.....	73 —73 ¹ / ₂	78 ¹ / ₂	76 ³ / ₈
April.....	73 ¹ / ₂ —74	79 ¹ / ₄	78 ⁵ / ₈
May.....	74 —75	79 ⁵ / ₈	79 ¹ / ₄
June.....	75 —75 ¹ / ₂	80 ³ / ₈	79 ⁵ / ₈
July.....	75 ¹ / ₂ —76	81 ¹ / ₄	80 ³ / ₈

* Basis in store Fort William/Port Arthur.

EXPORTS

Overseas clearances and United States imports of Canadian wheat amounted to 176,081,138 bushels. Exports of wheat flour were maintained at a high level in 1941-42, and were the equivalent of 45,926,003 bushels of wheat. Thus total exports of wheat and wheat flour amounted to 222,007,141 bushels as compared with 231,206,246 bushels in the preceding crop year 1940-41. As in the previous crop year, the United Kingdom was the main purchaser of Canadian wheat and Canada provided a very large share of total British imports.

WESTERN PRICES

As in 1940-41, the initial price of the basic Western grade, No. 1 Northern, was fixed by statute at 70¢ per bushel. On August 2nd, the Board fixed the initial price of other principal grades, and these were approved by Order in Council P.C. 5913. The remaining initial prices were fixed by the Board and approved by the Government on August 22nd under Order in Council P.C. 6552.

THE DELIVERY QUOTA SYSTEM

Since it was apparent early in the crop year that the marketable surplus of the 1941 crop in the West would not exceed the limit of marketings established by the Dominion Government under its wheat policy for the crop year, the Board proceeded to operate its wheat delivery quota system on the basis in effect in 1940-41. On July 24th, 1941, the Board announced that there would be no delivery quotas on oats, barley, rye and flaxseed, and that producers could deliver these grains without restriction as to delivery point and without entering such deliveries in their 1941-42 permit books. The reason for this decision was the small crop harvested in 1941 and the certainty that deliveries of these grains would be absorbed without difficulty and without taking up available storage space for any length of time. On the same date, the Board announced that effective August 1st, 1941, the first quota on wheat deliveries would be 5 bushels per authorized acre. By "authorized acre" is meant the wheat acreage for delivery purposes established by The Canadian Wheat Board and shown in each permit book. It was necessary to place restrictions on the marketing of wheat during the fall months because less than 90 million bushels of space were available in country elevators on August 1st, 1941, and even though the wheat crop was small, care had to be taken to see that each producer secured his fair share of the available storage space until such time as space was available for all 1941-42 deliveries.

A note-worthy feature of the 1941-42 crop year from the delivery quota standpoint was the rapid rate at which delivery quotas were increased. The general 5 bushel per authorized acre delivery quota remained in effect until October 7th, when it was raised to 8 bushels per authorized acre. On October 16th the general quota was increased to 12 bushels per authorized acre and on November 21st to 15 bushels. On November 18th, the Board established a number of "open delivery points" where space was sufficient to take care of the balance of prospective 1941-42 marketings. The number of delivery points on an "open delivery" basis was rapidly increased during the last two weeks of November, and on December 4th all delivery points in the West were placed on an "open delivery" basis.

Little trouble was experienced with infractions of the delivery quotas during the short period the quotas were in operation. Sixty cases were investigated and twenty-three prosecutions launched, convictions being obtained in all cases.

FARM STORAGE

In accordance with the powers granted to the Board by Section 7(h) of The Canadian Wheat Board Act, as amended in 1940, farm storage payments were made to producers on the same basis as in 1940-41, namely at the rate of 1/45 of a cent per bushel per day. Farm storage commenced on October 8th and was paid on all grades of wheat delivered to the Board between November 1st, 1941 and July 31st, 1942.

The following table shows Board wheat receipts from producers and the payments made to producers on account of farm storage:

Time of Delivery to the Board	Board's Fixed Price No. 1 Northern basis	Farm Storage Payable	Board's Fixed Price Plus Farm Storage	Receipts from Producers	Payments Made to Producers
	Ft. Wm./Pt. Arthur or Vancouver				
(dates inclusive)					
Previous to Nov. 1, 1941	70	.....¢	70¢	55,245,650-15	\$
Nov. 1 " Nov. 22	70	1½	70½	15,180,265-05	75,901.21
Nov. 23 " Dec. 15	70	1	71	13,088,101-55	130,880.76
Dec. 16 " Jan. 7, 1942	70	1½	71½	6,426,618-00	96,398.92
Jan. 8 " Jan. 30	70	2	72	2,918,939-35	58,378.66
Jan. 31 " Feb. 22	70	2½	72½	950,080-15	23,751.82
Feb. 23 " Mar. 17	70	3	73	1,292,057-40	38,761.53
Mar. 18 " Apr. 9	70	3½	73½	744,271-50	26,049.42
Apr. 10 " May 1	70	4	74	356,274-50	14,250.95
May 2 " May 24	70	4½	74½	501,404-40	22,563.21
May 25 " June 16	70	5	75	587,594-40	29,379.70
June 17 " July 8	70	5½	75½	532,911-45	29,310.10
July 9 " July 31	70	6	76	1,717,027-50	103,021.70
				<u>99,541,198-20</u>	<u>\$648,647.98</u>

Total payments to producers for farm storage amounted to \$648,647.98 during 1941-42, as compared with \$6,147,524.03 paid in 1940-41. Farm storage payments in 1941-42 reflected the relatively heavy marketings previous to November 1st, the higher prices for wheat marketed outside the Board, and the smaller crop.

PROCESSING LEVY

By Order in Council P.C. 5844, dated July 31st, 1941, the section in The Canadian Wheat Board Act providing for the collection of the Processing Levy was repealed. In accordance with this Order in Council the Board discontinued the Processing Levy at the close of business on July 31st, 1941, and in the 1941-42 crop year merely completed the collection of levies due to the Board up to and including July 31st, 1941.

SPECIAL MEASURES REGARDING FLAXSEED

On March 5th, 1942 Order in Council P.C. 1636 "froze" the stocks of flaxseed in Canada under the supervision of The Canadian Wheat Board and provided penalties for any breach of the order. This step was taken because the necessary supply of vegetable oils for Canada and her Allies was seriously threatened by the spread of war in the Pacific area. A higher price was intended for 1942 production and control of existing stocks was an essential prerequisite to the establishment of the new policy.

On March 9th, 1942 Order in Council P.C. 1800 gave The Canadian Wheat Board wide powers in respect to flaxseed in Canada, subject to the naming of an effective date upon which this Order in Council would come into effect. On March 19th, 1942, Order in Council P.C. 1800 was brought into effect by Order in Council P.C. 2166.

The Canadian Wheat Board was given compulsory power to take title to and possession of all flaxseed in store in Canadian elevators, warehouses and mills, whether licensed or unlicensed, and the acceptance of delivery of flaxseed from producers was made a duty of the Board. The Board was empowered to take over such flaxseed on the basis of Winnipeg market prices on the day preceding the effective date of Order in Council P.C. 1800. The Order in Council also provided for the suspending of trading in flaxseed futures and cash flaxseed on any grain exchange, or elsewhere in Canada. In the selling of flaxseed acquired under this Order in Council, the Board was specifically instructed to observe the maximum price regulations in respect to this product. The basis of the Board purchases of flaxseed from producers during the crop year 1942-43 was also set forth.

Under Order in Council P.C. 1800, which was made effective from March 19th, the Board took over 1,968,462-09 bushels of flax prior to July 31st, 1942 (including purchase of 1941 flaxseed from producers). Between the effective date of Order in Council P.C. 1800 and the end of the crop year on July 31st, 1942, Board sales of flax amounted to 1,339,205 bushels, leaving stocks on hand on July 31st, 1942 of 629,257-09 bushels. Open futures trades of 1,116,000 bushels were closed out on the basis of, and under the authority of Order in Council P.C. 1800.

EASTERN DIVISION

On June 25th, 1941, by Order in Council P.C. 4535, the price of 70¢ per bushel, basis delivered in Montreal, for No. 1 grades of Canada Eastern winter wheat, was continued for another year. On July 8th, 1941, by Order in Council P.C. 5040 prices of No. 2 and No. 3 grades were fixed at 68¢ and 65¢ per bushel respectively.

Owing to the small wheat crop in Ontario in 1941, the price of Ontario wheat rose far above the Board's initial price, as established by Order in Council P.C. 4535. Ontario producers therefore had a market for their wheat outside of The Canadian Wheat Board. As a result, only a very small amount of wheat was delivered to the Board by one producer, which would have meant excessively high per-bushel handling costs. For these reasons, the Government, by Order in Council P.C. 7700, dated October 4th, 1941, announced that The Canadian Wheat Board would accept Ontario winter wheat only in the event that the market price for No. 1 grades of Ontario winter wheat at country points fell below the price of 80¢ basis export rail freights to Montreal. This same Order further empowered the Board to return to the producer the small amount of 1941 wheat delivered to the Board prior to October 4th, 1941. The terms of Order in Council P.C. 7700 were carried out by the Board, and since the price remained above the figure set, no deliveries to the Board were made and there are no operations to be reported.

ADVISORY COMMITTEE

The Advisory Committee continued to render assistance to the Board and to the Dominion Government during the crop year 1941-42. During the crop year four meetings of the Advisory Committee were held and a wide range of matters came under review of the Committee. Particular attention was paid to formulation of recommendations in respect to the wheat policy for 1942-43, two meetings of the Advisory Committee being largely devoted to this purpose. Among other important matters referred to the Advisory Committee were farm storage, car allotment, basis of delivery quotas and the domestic price of wheat.

During the year, Mr. D. G. McKenzie, Chairman of the Advisory Committee, tendered his resignation on being appointed Chief Commissioner of the Board of Grain Commissioners for Canada. Mr. McKenzie was succeeded on the Committee by Mr. R. C. Brown of Pilot Mound, Manitoba, and Mr. Lew Hutchinson was elected Chairman of the Advisory Committee.

1942-43 PROGRAMME

After several months of thorough consideration, the Dominion Government announced its 1942-43 grain programme on March 9th, 1942. Among the factors which were of decisive importance in determining the 1942-43 grain policy were the following:

- (1) The necessity of increasing production of oats and barley to meet the feed situation arising from a rapidly expanding livestock industry; and the necessity of increasing flaxseed production in order to secure wartime requirements of vegetable oils;

- (2) The large stocks of wheat in Canada in relation to available storage capacity, and to market possibilities;
- (3) The need to improve the income of those producers whose main cash crop is wheat.

The 1942-43 grain programme, as announced by the Hon. James A. Mackinnon, Minister of Trade and Commerce, and the Hon. James G. Gardiner, Minister of Agriculture, is summarized as follows:

- (1) *Prices*

The fixed initial price was increased from 70¢ per bushel for No. 1 Northern in store Fort William/Port Arthur or Vancouver to 90¢ per bushel for the same grade of wheat in the same position.

- (2) *Limitation of Marketings*

For the crop year 1942-43 permitted marketings were set at 280 million bushels for the West, as compared with 230 million bushels for all of Canada in the previous crop year.

- (3) *Minimum Prices for Barley*

For the crop year 1942-43 The Canadian Wheat Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in Western Canada would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 1 Canada Western 2 Row or 6 Row, or No. 2 Canada Western 2 Row or 6 Row—60¢ per bushel; No. 3 Canada Western—58¢ per bushel; or No. 1 Feed—56¢ per bushel.

- (4) *Minimum Prices for Oats*

For the crop year 1942-43 The Canadian Wheat Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 2 Canada Western Oats—45¢ per bushel; Extra No. 3 Canada Western, No. 3 Canada Western, or Extra No. 1 Feed—42¢ per bushel; or No. 1 Feed—40¢ per bushel.

(5) *Fixed Price for Flax*

For the crop year 1942-43 The Canadian Wheat Board was designated as the only agency to receive flaxseed from producers in Canada. The Canadian Wheat Board was empowered to purchase flaxseed on the basis of \$2.25 per bushel for No. 1 Canada Western Flax, basis in store Fort William/Port Arthur.

(6) *Payments for Wheat Acreage Reduction*

With some changes, acreage bonuses under the Wheat Acreage Reduction Act were continued for 1942-43.

*ADJUSTMENT OF CANADIAN WHEAT STOCKS
TO HIGHER PRICE LEVEL*

On March 5th, 1942 a resolution appeared on the order paper of the House of Commons providing for "the payment of an increased rate per bushel of wheat delivered by producers". Pending official action, The Canadian Wheat Board issued a press announcement, which was brought to the attention of those concerned prior to the opening of the market on March 6th, 1942. The announcement read as follows:

"A resolution placed on the order paper for March 5th, 1942, indicates the Government's intention to increase the initial price of wheat. This is an official notification of our intention that all open wheat futures will be adjusted to the new level of wheat prices on or before July 31st, 1942, and that all open wheat futures will be cleared on or before this date at the closing prices of Thursday, March 5th, that is May wheat futures at 79¼ cents and/or July wheat futures at 80¾ cents. If this action is not taken until July 31st, suitable carrying charges will be allowed to holders of cash wheat for the elapsed period during the month of July. Unhedged cash wheat will be adjusted on the same basis. In the meantime holders of cash wheat as well as futures may continue to carry on with their normal business bearing in mind the above."

The result of this action was that persons holding cash wheat or wheat futures could not sell at prices higher than those ruling at the market close of March 5th, after allowing for carrying charges.

On March 9th, 1942, Order in Council P.C. 1803 was passed, giving The Canadian Wheat Board all the necessary powers to transfer all non-Board or open market stocks of Canadian wheat (Western Canada grain grades) to the new and higher price level. An important feature of the mechanism was to prevent speculative profits accruing as a result of this decision in respect to wheat policy. By the terms of the Order in Council, The Canadian Wheat Board was given the power, up to and including July 31st, 1942, to buy actual wheat from persons other than producers, to control and adjust trading and contracts in Winnipeg wheat futures and to exercise any other powers necessary to give effect to the change from the lower to the higher price level.

The Board carried out the instructions contained in the Order in Council. The procedure employed is found in Instructions to the Trade No. 113 of June 15th, 1942 and No. 133 of July 29th, 1942. The actual operations involved in carrying out the Order, including the purchases, net sales and unsold stocks held by the Board are found in a subsequent section of this Report.

MAXIMUM PRICES OF GRAINS

The Board undertook the responsibility of acting as Administrator on behalf of The Wartime Prices and Trade Board in defining the maximum prices at which certain grains traded during the basic period September 15th to October 11th, 1941.

SALES TO THE UNITED KINGDOM

A sale of 120 million bushels of Winnipeg wheat futures was made to the United Kingdom in November, 1941 and a further sale of 120 million bushels was completed in May, 1942.

LONDON OFFICE

Mr. R. V. Biddulph, European Commissioner of the Board, continued his liaison work between the Board and the Imported Cereals Division of the United Kingdom Ministry of Food and also acted as the Board's agent in transactions with the United Kingdom Treasury. He also assisted in the negotiations leading to the sale of wheat to Russia on credit and the gift of wheat to Greece.

The Board's film "The Kinsmen" was re-edited during the year and was extensively used by the United Kingdom Ministry of Information.

PACIFIC COAST

The continued shortage of shipping caused a further reduction in the Pacific Coast wheat business during 1941-42. Only 2,980,175 bushels were unloaded at Pacific Coast terminals and 3,855,474 bushels were shipped. The latter figure compares with 4,056,218 bushels in 1940-41. The Board's sales of wheat at the Pacific Coast during the year amounted to 4,066,123-30 bushels.

CHURCHILL

There was no movement into or out of Churchill during 1941-42, the elevator remaining full of wheat.

OPERATING AND FINANCIAL SUMMARY

During the year under review the Board had an open, or unsold, position for three crop seasons, and since 1st August, 1942 another season has been added, making four crop years in operation at one time. The following tables show the position of the 1941, 1940 and 1939 crop years as at the date of the Balance Sheet, and in addition there is a table showing the operations of the Special Account authorized under Order in Council P.C. 1803 of 9th March, 1942. Elsewhere in the Report is a statement of the operations of the Flax Division—1941 Crop Account, being the operations authorized under Order in Council P.C. 1800 of 9th March, 1942, previously commented upon. As the Board did not handle Ontario wheat in the 1941 crop year, there is no Operating Statement shown in respect of the Eastern Division.

WESTERN DIVISION

1941 Crop

Deliveries by producers to Agents of the Board, by provinces, were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba	10,718,491-30	.....	27,484-20	45,807-20	10,791,783-10
Saskatchewan.....	45,911,006-50	3,391-00	19,543-55	36,029-30	45,969,971-15
Alberta	42,108,549-30	460,200-00	.....	210,694-25	42,779,443-55
	<u>98,738,047-50</u>	<u>463,591-00</u>	<u>47,028-15</u>	<u>292,531-15</u>	<u>99,541,198-20*</u>

38,016,158-15 bushels of the above deliveries were in store country elevators, not yet delivered to the Board.

The ultimate disposition of the 99,541,198-20 bushels of wheat received by the Board from producers was as follows:

42,507,013-10	bushels were shipped to Fort William/Port Arthur
1,142,108-20	" " " " Vancouver
14,009,420-40	" " " " Interior terminals and mills
3,866,497-55	" " sold at country elevators
61,525,040-05	
*38,016,158-15	" in store country elevators, not yet delivered
99,541,198-20	

* In addition to the above figure, 39,296,752-15 bushels of the 1940 crop were still in country elevators, not yet delivered.

Deliveries by producers to the Board, as reported by the Board's Agents; net sales, and unsold stocks held by the Board at the end of each month, are shown in the following table:

	Deliveries to the Board by Producers	Net Sales of 1941 Crop by the Board	Balance of 1941 Crop Held by the Board at end of month
1941			
August	2,767,037-05	*14,933,939-50	(12,166,902-45)
September	16,477,931-40	853,335-00	3,457,693-55
October	24,445,842-45	1,935,674-50	25,967,861-50
November	25,994,291-40	**22,455,619-00	29,506,534-30
December	17,180,428-50	44,174-35	46,642,788-45
1942			
January	5,482,219-00	2,073,080-35	50,051,927-10
February	1,329,302-45	407,976-45	50,973,253-10
March	1,704,981-10	150,868-25	52,527,365-55
April	685,499-40	117,722-20	53,095,143-15
May	565,757-10	**12,183,274-50	41,477,625-35
June	718,687-30	265,024-20	41,931,288-45
July	2,189,219-05	437,419-15	43,683,088-35
Total for Year	99,541,198-20	55,858,109-45	

* As reported last year, 14,933,000 bushels of a sale of 120 million bushels of wheat futures to the United Kingdom, made on May 13th, 1941, were allocated to the 1941 crop. This quantity is included in the August sales above.

** As mentioned elsewhere in this Report, a sale of 120 million bushels of wheat futures was made to the United Kingdom on November 14th, 1941, and a further sale of 120 million bushels was made on May 22nd, 1942. 22,400,000 bushels of the first sale are included in the November sales above; the balance, of 97,600,000 bushels, was allocated as follows: 30,799,000 bushels to the 1939 crop, and 66,801,000 bushels to the 1940 crop. The second sale was allocated in the following quantities: 12,000,000 bushels to the 1941 crop, and included in the May sales above; 15,000,000 bushels were allocated to the 1939 crop; 33,600,000 bushels to the 1940 crop, and 59,400,000 bushels were carried forward to the 1942 crop. Sales allocations are made on the basis of the unsold position of the various crop years.

The month-end liability of the Board to the Banks and Agents of the Board in respect of the 1941 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1941			
August 31st.....	\$	\$ 1,894,777.41	\$ 1,894,777.41
September 30th.....	.....	12,860,860.62	12,860,860.62
October 31st.....	633,161.64	28,050,445.38	28,683,607.02
November 30th.....	1,859,287.90	40,349,478.60	42,208,766.50
December 31st.....	2,239,837.88	46,512,686.58	48,752,524.46
1942			
January 31st.....	2,592,839.49	44,939,614.40	47,532,453.89
February 28th.....	5,338,037.11	41,663,107.61	47,001,144.72
March 31st.....	6,841,287.50	39,914,885.69	46,756,173.19
April 30th.....	7,867,892.00	36,105,729.33	43,973,621.33
May 31st.....	18,199,606.24	31,390,426.11	49,590,032.35
June 30th.....	6,908,066.77	27,781,535.58	34,689,602.35
July 31st.....	8,543,346.36	26,043,135.49	34,586,481.85

SPECIAL ACCOUNT—P.C. 1803

The following table shows the purchases of Special Account authorized under Order in Council P.C. 1803 of 9th March, 1942; net sales and unsold stocks held by the Board for this Account at the end of each month.

	Purchases Special Account P.C. 1803	Net Sales	Balance of Special Account P.C. 1803 at end of month
1942			
March.....	9,655,000-00	2,337,000-00	7,318,000-00
April.....	12,948,000-00	2,320,000-00	17,946,000-00
May.....	477,000-00	2,885,325-00	15,537,675-00
June.....	3,050,000-00	96,765-00	18,490,910-00
July.....	12,922,780-20	8,316,640-00	23,097,050-20
Total for Period	39,052,780-20	15,955,730-00	

1940 Crop

On Page 13 of the Report for the crop year 1940-41 a statement was presented showing deliveries to the Board, sales and unsold stocks of the 1940 crop by months. The following table shows the sales during the period under review, together with the unsold balance, by months:

	Net Sales of 1940 Crop by the Board	Balance of 1940 Crop Held by the Board at end of month
1941		
July 31st (as per previous Report)		253,713,363-15
<u>Less</u> Deliveries wrongfully reported by Agents of the Board—subsequently adjusted		1,720-30
		253,711,642-45
August.....	5,492,570-15	248,219,072-30
September.....	12,801,788-55	235,417,283-35
October.....	5,016,938-35	230,400,345-00
November.....	*66,882,942-40	163,517,402-20
December.....	78,710-45	163,438,691-35
1942		
January.....	4,851,594-25	158,587,097-10
February.....	975,157-10	157,611,940-00
March.....	113,600-20	157,498,339-40
April.....	40,664-05	157,457,675-35
May.....	**33,676,551-30	123,781,124-05
June.....	679,090-50	123,102,033-15
July.....	1,135,670-45	121,966,362-30
Total for Year	131,745,280-15	

These quantities include *66,801,000 bushels and **33,600,000 bushels, being part of the two sales of 120 million bushels each to the United Kingdom allocated to the 1940 crop.

The month-end liability of the Board to the Banks and Agents of the Board on the 1940 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1941			
August 31st.....	\$ 65,982,450.88	\$128,725,190.44	\$194,707,641.32
September 30th.....	70,211,039.43	111,823,240.75	182,034,280.18
October 31st.....	65,971,869.65	98,985,031.27	164,956,900.92
November 30th.....	59,931,679.97	88,622,354.87	148,554,034.84
December 31st.....	58,241,346.25	82,019,407.70	140,260,753.95
1942			
January 31st.....	60,035,883.68	78,418,742.82	138,454,626.50
February 28th.....	69,197,294.63	72,548,775.84	141,746,070.47
March 31st.....	68,788,554.03	68,022,755.23	136,811,309.26
April 30th.....	60,334,366.53	59,536,098.11	119,870,464.64
May 31st.....	65,865,383.47	48,412,217.67	114,277,601.14
June 30th.....	61,631,422.31	35,224,915.67	96,856,337.98
July 31st.....	63,588,390.07	27,257,818.04	90,846,208.11

1939 Crop

On Page 17 of the Report for the crop year 1939-40 a statement was presented showing deliveries made to the Board, sales and unsold stocks of the 1939 crop, by months, and on Page 14 of last year's Report there was a statement showing the sales by months, together with the unsold position at the end of each month during the 1940-41 crop season. The following table shows the sales made during the period under review, together with the unsold balances, by months:

	Net Sales of 1939 Crop by the Board	Balance of 1939 Crop Held by the Board at end of month
1941		
July 31st (as per previous Report)		114,831,569-25
August.....	2,419,312-45	112,412,256-40
September.....	5,694,679-10	106,717,577-30
October.....	2,115,354-50	104,602,222-40
November.....	*30,831,123-50	73,771,098-50
December.....	12,835-20	73,758,263-30
1942		
January.....	2,168,119-50	71,590,143-40
February.....	436,833-20	71,153,310-20
March.....	17,416-40	71,135,893-40
April.....	5,960-40	71,129,933-00
May.....	**15,010,083-20	56,119,849-40
June.....	137,459-00	55,982,390-40
July.....	254,169-00	55,728,221-40
Total for Year	59,103,347-45	

These quantities include *30,799,000 bushels and **15,000,000 bushels, being part of the two sales of 120 million bushels each to the United Kingdom allocated to the 1939 crop.

The month-end liability of the Board to the Banks and Agents of the Board on the 1939 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1941			
August 31st.....	\$ 41,153,359.21	\$ 15,540.77	\$ 41,168,899.98
September 30th.....	38,586,281.98	7,684.88	38,593,966.86
October 31st.....	39,585,818.39	.....	39,585,818.39
November 30th.....	37,918,506.04	.....	37,918,506.04
December 31st.....	37,180,846.70	.....	37,180,846.70
1942			
January 31st.....	34,907,473.40	.....	34,907,473.40
February 28th.....	36,205,095.47	.....	36,205,095.47
March 31st.....	36,442,441.05	.....	36,442,441.05
April 30th.....	36,199,964.74	.....	36,199,964.74
May 31st.....	35,714,034.47	.....	35,714,034.47
June 30th.....	35,483,233.16	.....	35,483,233.16
July 31st.....	33,770,310.39	.....	33,770,310.39

Combined Statement of Sales and Unsold Position

A statement showing the combined net sales of the 1939, 1940 and 1941 crop years, together with the sales of Special Account—P.C. 1803, and the unsold position by months, follows:

	Net Sales		Balance Held at End of Month			
	Combined 1939, 1940 and 1941 Crops	Special Account P.C. 1803	Total	Combined 1939, 1940 and 1941 Crops	Special Account P.C. 1803	Total
1941						
July (as per previous Report)				368,544,932-40	.....	368,544,932-40
Less Deliveries wrongfully reported by Agents of the Board—subsequently adjusted				1,720-30	.....	1,720-30
August.....	22,845,822-50	.....	22,845,822-50	368,543,212-10	.....	368,543,212-10
September.....	19,349,803-05	.....	19,349,803-05	348,464,426-25	.....	348,464,426-25
October.....	9,067,968-15	.....	9,067,968-15	345,592,555-00	.....	345,592,555-00
November.....	120,169,685-30	.....	120,169,685-30	360,970,429-30	.....	360,970,429-30
December.....	135,720-40	.....	135,720-40	266,795,035-40	.....	266,795,035-40
				283,839,743-50	.....	283,839,743-50
1942						
January.....	9,092,794-50	.....	9,092,794-50	280,229,168-00	.....	280,229,168-00
February.....	1,819,967-15	.....	1,819,967-15	279,738,503-30	.....	279,738,503-30
March.....	281,885-25	2,337,000-00	2,618,885-25	281,161,599-15	7,318,000-00	288,479,599-15
April.....	164,347-05	2,320,000-00	2,484,347-05	281,682,751-50	17,946,000-00	299,628,751-50
May.....	60,869,909-40	2,885,325-00	63,755,234-40	221,378,599-20	15,537,675-00	236,916,274-20
June.....	1,081,574-10	96,765-00	1,178,339-10	221,015,712-40	18,490,910-00	239,506,622-40
July.....	1,827,259-00	8,316,640-00	10,143,899-00	221,377,672-45	23,097,050-20	244,474,723-05
Total for Year	246,706,737-45	15,955,730-00	262,662,467-45			

STATEMENTS

Appended to this Report will be found the following statements with respect to the 1941 Crop, 1940 Crop, 1939 Crop, and the adjustment and final disposition of the 1938 Crop and prior wheat operations, as at 31st July, 1942:

Consolidated Balance Sheet.....	Exhibit I
Statement of Crop Account Assets and Liabilities and Consolidation Thereof.....	Exhibit II
Statement of Operations	
1941 Crop—Western Division.....	Exhibit III
Special Account—P.C. 1803.....	Exhibit IV
1941 Crop—Flax Division.....	Exhibit V
1940 Crop—Western Division.....	Exhibit VI
1939 Crop—Western Division.....	Exhibit VII
Statement of Deficit—1938 Crop and Prior Wheat Operations.....	Exhibit VIII

CONSOLIDATED BALANCE SHEET

(Exhibit I)

Stocks of Cash Grain

Wheat Stocks

Shown under this heading are the wheat stocks carried in country and terminal elevators, or in transit. These were valued on the basis of closing market quotations at 31st July, 1942, basis in store Fort William/Port Arthur or Vancouver.

Flax Stocks

These stocks were also being carried in country and terminal elevators, or in transit, and were valued on the basis of fixed prices established as at 31st July, 1942, basis in store Fort William/Port Arthur.

Wheat Sold

Wheat stocks sold but not delivered as at the date of the Balance Sheet are valued at actual sales prices, less loading charges and carrying costs to delivery dates.

Accounts Receivable

Of this amount, \$918,341.25 represents hedging adjustments in respect of Special Account—P.C. 1803, in process of settlement at 31st July, 1942.

Memberships

All memberships carried under this heading are necessary for the conduct of the operations of the Board. The component items represent two memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association Limited (commonly known as the "Clearing House", through which all futures contracts are cleared daily), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost, less dividends received.

Deficits

The deficit in respect of the 1939 Crop Account represents the result of the operations for the period from 1st August, 1939 to 31st July, 1942; and the 1940 Crop Account is from 1st August, 1940 to 31st July, 1942. These are subject to a final accounting when all the wheat has been sold.

Liability to Agents

When grain is delivered by the producers to the country elevators of the companies who act as Agents of the Board, the producers receive payment on the basis of Board initial prices, and the liability continues to be carried by the companies until such time as the grain is unloaded in a deliverable position.

Liability to the Dominion Government

The items shown under this heading represent the surplus resulting from the operations of the Board in respect of Special Account—P.C. 1803, and the deficit in respect of the Flax Division—1941 Crop Account. These are subject to a final accounting when all of the grain has been sold.

Provision has been made that any losses to the Board on these operations will be met from moneys appropriated under the War Appropriation Acts, 1942, or subsequent War Appropriation Acts, and any profits shall accrue to the Consolidated Revenue Fund.

1930 Wheat Crop Equalization Payment Account

As stated in previous Reports, this amount represents the residue of \$6,600,000.00 made available to the Board for the purpose of equalizing the various payments made in respect of the 1930 Crop by the Canadian Co-operative Wheat Producers Limited, as repayment for the Board's expenses in this connection and for other special purposes.

*Amounts due to Producers, Eastern Division,
1939 and 1940 Crop Accounts*

These amounts represent the outstanding Certificates on the final payment of the 1939 and 1940 Crop Accounts.

During the period under review approximately \$9,000.00 has been paid to producers in respect of the 1939 Crop final payment, and approximately \$68,000.00 has been paid in respect of the 1940 Crop final payment. Every reasonable effort has been, and is being made to secure these outstanding Certificates, and a substantial reduction in respect of the 1940 Crop Certificates has been made since the date of the Balance Sheet.

Accounts Payable

The principal item in this amount represents deposits taken on sales contracts, to protect the Board against loss in respect of open sales contracts, amounting to \$80,807.99.

Accrued Expenses Payable

As stated on the face of the Balance Sheet, this item includes all accrued charges, representing freight, storage charges, etc.

Surplus

The surplus in respect of 1941 Crop Account—Western Division, for the year ended 31st July, 1942, is only the result of the first year's operations, and is subject to a final accounting when all the wheat has been sold.

*STATEMENT OF CROP ACCOUNT ASSETS AND LIABILITIES
AND CONSOLIDATION THEREOF*

(Exhibit II)

As in the previous Report, Exhibit II shows the detail of the component Balance Sheet items for each of the crop years and Special Account—P.C. 1803, together with the totals shown in the Consolidated Balance Sheet. Most of the items shown have already been explained in the comments on Exhibit I.

Amounts due to and from Other Board Accounts

These amounts represent the daily Clearing House adjustments and other items affecting the uncompleted sales of wheat futures, which are handled through one Crop Account and are adjusted periodically as the sales are completed.

STATEMENT OF OPERATIONS

1941 Crop Account (Exhibit III)

Wheat Acquired

Under this heading are shown the quantities of wheat received from the Agents of the Board on behalf of the producers.

Wheat Sold

This shows sales actually completed, for which payment has been received, and also the uncompleted sales at contract prices, for which payment will be received at time of delivery.

Futures Contracts

The item shown under this heading reflects the profit arising as a result of the sales of futures contracts exchanged against cash wheat sales, after valuing the open futures sales contracts, as at 31st July, 1942, at closing market prices.

Stocks of Wheat on Hand

As shown in the statement, these stocks were valued on the basis of closing market quotations 31st July, 1942, basis in store Fort William/Port Arthur or Vancouver, and the net final surplus of \$4,809,054.50 is therefore based on the theory that net stocks of cash wheat and futures contracts held by the Board could have been closed out at the prices used in valuing these holdings, subject only to final grade adjustments.

Carrying Charges and Other Costs

Carrying Charges

Carrying charges on wheat stored in country elevators represent storage and interest charges paid and payable to Agents of the Board until such time as the wheat reaches a deliverable position.

Storage on Wheat in Terminal Elevators

This item covers storage paid or accrued on wheat carried in interior, lakehead, eastern, and United States terminals.

Storage on Wheat Stored on Farms

Elsewhere in this Report this matter is commented upon and supported by a statement of the periods during which farm storage was operative, the payment per bushel, and also the amount of storage paid during each period.

Interest and Bank Charges

This item represents interest on bank loans at the rate of 3 per cent., together with the usual bank charges for exchange, transfers of funds, etc.

Additional Freight

This amount represents additional freight paid upon wheat purchased on the basis of Vancouver freight rates but which had subsequently to be moved eastward.

Drying, Reconditioning Charges, Grade Adjustments, etc.

This item is subject to final grade adjustments with the Agents of the Board when all the wheat has been delivered by them. It also includes the value of wheat lost in transit between interior terminals and lakehead or Pacific Coast terminals, which represents a very trifling percentage in comparison with the total quantity shipped, and a portion of the value of this shrinkage has been, or will subsequently be, collected from the railway companies.

Special Account—P.C. 1803 (Exhibit IV)

This statement reflects a detailed summary of the operations of Special Account—P.C. 1803 which have previously been commented upon in this Report. The transactions show the operations necessary to provide for the transition period when the market had to be adjusted from the old to the new price levels.

The surplus resulting from the operations merely reflects the position as at 31st July, 1942, and is subject to liquidation of the open futures purchase contracts and disposal of the cash wheat on hand as at that date.

1941 Crop Account—Flax Division (Exhibit V)

This statement represents the summarized details of the transactions involved in taking delivery of flax stocks as at 19th March, 1942, together with the liquidation of the open futures purchase and sales contracts.

In taking delivery of stocks of flax in the country elevators, it was obviously impossible to determine accurately either quantities or grades. For that reason, arrangements were made that delivery of these stocks at actual weights and grades would represent the deliveries, and quantities submitted by the companies representing their stocks in country elevators were considered as Memorandum Accounts only, and for that reason monthly figures are not submitted.

The total quantity delivered, or to be delivered, was 1,968,462-09 bushels, of which 319,928-06 bushels were being carried at country elevators or in transit as at the date of the Balance Sheet.

Sales by months were as follows:

	Sales
1942	
April.....	300,201-28
May.....	446,903-13
June.....	356,931-46
July.....	235,168-25
	<u>1,339,205-00</u>

1940 Crop Account (Exhibit VI)

Net Revenue from Processing Levy

This item was commented upon in the Board Report for the crop year 1940-41. The additional revenue for this year represents items in process of adjustment at the date of the Balance Sheet last year, and further small claims are in process of adjustment.

The various other items in this statement, and those shown in Exhibit VII, have been explained in the comments on Exhibit III.

STATEMENT OF DEFICIT—1938 CROP AND PRIOR WHEAT OPERATIONS (Exhibit VIII)

In the Balance Sheet of the Board as at 31st July, 1941, was shown the deficit in respect of the 1938 Crop Account and the net surplus from the operations of prior years. These have now disappeared from the Balance Sheet, which only reflects the position of the crop years which still have an unsold position.

Details of the items affected are shown in Exhibit VIII, and are summarized as follows to show the items as they appeared in the Balance Sheet of the Board as at 31st July, 1941, together with the changes made during the period under review:

Deficit—1938 Crop Account for the period from 1st August, 1938 to 31st July, 1941		\$61,425,829.01
Add—Interest and bank charges to 24th April, 1942.....		<u>99,862.18</u>
		\$61,525,691.19
Deduct—Net Surplus from the operations of prior years.....	\$ 4,902,309.36	
Funds received from Department of Finance, Ottawa, and applied on bank loans, 29th April, 1940	<u>52,000,000.00</u>	<u>56,902,309.36</u>
Funds received from Department of Finance, Ottawa, and applied on bank loans, on 24th April, 1942.....		<u>\$ 4,623,381.83</u>

The foregoing payment, made to the Board for the purpose of liquidating the balance of the liability to the banks in respect of 1938 Crop demand loans, was made under authority of Order in Council P.C. 2974, 14th April, 1942.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

C. GORDON SMITH,
Assistant Chief Commissioner

W. C. FOLLIOTT,
Commissioner

Winnipeg, Manitoba
January 25th, 1943.

The following pages contain :

EXHIBIT I

EXHIBIT II

EXHIBIT III

EXHIBIT IV

EXHIBIT V

EXHIBIT VI

EXHIBIT VII

EXHIBIT VIII

THE CANADIAN CONSOLIDATED

As at 31st July, 1942

ASSETS

Stocks of cash grain—(In terms of inventories prepared by responsible officials):		
Wheat stocks (valued on the basis of closing market quotations 31st July, 1942, basis in store Fort William/Port Arthur or Vancouver).....	\$168,177,340.21	
Flax stocks (valued on the basis of fixed prices established as at 31st July, 1942, basis in store Fort William/Port Arthur).....	996,110.82	
Wheat sold but not delivered (valued at sales prices less loading charges and carrying costs to delivery dates).....	374,604.92	
Forwarding charges and carrying costs to be recovered from sales of wheat in eastern and seaboard positions	<u>440,749.11</u>	\$169,988,805.06
Accounts receivable		931,692.36
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association		11,358.65
Office furniture, equipment and automobiles, at cost less depreciation		42,579.38
Deficits—resulting from the operations of the Wheat Board for the period from 1st August, 1939, to 31st July, 1942:		
Western Division—1939 Crop Account.....	\$ 10,422,953.45	
—1940 Crop Account	<u>1,364,026.48</u>	11,786,979.93

\$182,761,415.38

WHEAT BOARD

BALANCE SHEET

, 1942

LIABILITIES

Liability to banks—demand loans.....	\$117,753,347.29	
—accrued interest thereon	9,678.35	
—outstanding cheques.....	<u>211,960.55</u>	\$117,974,986.19
Liability to Agents:		
Wheat purchased from Producers but not yet delivered to the Wheat Board.....	\$ 53,300,953.53	
Flax purchased but not yet delivered to the Wheat Board.....	<u>513,794.84</u>	53,814,748.37
Liability to the Dominion Government:		
Surplus resulting from operations of the Wheat Board in respect of Special Account—P.C. 1803	\$ 1,360,964.25	
Deduct—Deficit—Flax Division 1941 Crop Account	<u>67,907.95</u>	1,293,056.30
1930 Wheat Crop Equalization Payment Account—residue made available to The Canadian Wheat Board, under the authority of Order in Council P.C. 633, dated 20th February, 1940.....		78,658.06
Amounts due to Producers, Eastern Division, on the outstanding certificates:		
1939 Crop Account final payment.....	\$ 3,622.89	
1940 Crop Account final payment.....	<u>26,446.39</u>	30,069.28
Accounts payable.....		82,354.17
Accrued expenses payable; freight, storage charges, etc.....		4,678,488.51
Surplus from the operations of the Wheat Board on 1941 Crop Account, Western Division, for the year ended 31st July, 1942.....		4,809,054.50

\$182,761,415.38

THE CANADIAN

STATEMENT OF CROP ACCOUNT ASSETS AND

As at 31st

<i>ASSETS</i>	1939 Crop Account	1940 Crop Account
	Western Division	Western Division
Stocks of cash grain:		
Wheat stocks	\$ 22,068,948.68	\$ 95,431,742.00
Flax stocks		
Wheat sold but not delivered	334,794.20	16,995.00
Forwarding charges and carrying costs	166,956.93	273,679.10
	<u>\$ 22,570,699.81</u>	<u>\$ 95,722,416.10</u>
Accounts receivable	1,793.64	3,768.60
Net funds transferred to Winnipeg Office		
Grain trade Memberships		
Office furniture, equipment and automobiles		
Deficits—resulting from operations—Western Division	10,422,953.45	1,364,026.60
	<u>\$ 32,995,446.90</u>	<u>\$ 97,090,210.90</u>
 <i>LIABILITIES</i>		
Liability to banks—demand loans	\$ 33,770,310.39	\$ 63,581,577.00
—accrued interest thereon	2,775.64	5,225.00
—outstanding cheques	113,637.70	95,661.00
	<u>\$ 33,886,723.73</u>	<u>\$ 63,682,463.00</u>
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board		27,257,818.00
Liability to the Dominion Government:		
Surplus resulting from operations of Special Account— P.C. 1803		
Deduct—Deficit—Flax Division 1941 Crop Account		
Amounts due to and from other Board accounts	(2,884,732.25)	4,641,172.00
1930 Wheat Crop Equalization Payment Account	78,658.06	
Amounts due to Producers, Eastern Division, on the outstanding certificates:		
1939 Crop Account final payment		
1940 Crop Account final payment		
Accounts payable	80,807.99	110.00
Accrued expenses payable	1,833,989.37	1,508,644.00
Surplus resulting from operations of the 1941 Crop Account, Western Division		
	<u>\$ 32,995,446.90</u>	<u>\$ 97,090,210.90</u>

HEAT BOARD

ABILITIES AND CONSOLIDATION THEREOF

r, 1942

	1941 Crop Account			1941		Totals for Consolidated Balance Sheet
tern sion	Western Division	Eastern Division	Special Account P. C. 1803	Flax Division		
	\$ 39,355,115.01	\$	\$ 11,321,534.43	\$		\$168,177,340.21
				996,110.82		996,110.82
	22,815.72					374,604.92
	113.08					440,749.11
	\$ 39,378,043.81		\$ 11,321,534.43	\$ 996,110.82		\$169,988,805.06
	7,138.57	300.00	918,691.89			931,692.36
(	133,173.89)	133,173.89				—
	11,358.65					11,358.65
	40,107.97	2,471.41				42,579.38
	—	—				11,786,979.93
	\$ 39,303,475.11	\$ 135,945.30	\$ 12,240,226.32	\$ 996,110.82		\$182,761,415.38
812.40	\$ 8,445,467.32	\$ 97,879.04	\$ 11,309,186.68	\$ 542,113.79		\$117,753,347.29
.56	694.15	8.04	929.52	44.56		9,678.35
	2,660.86					211,960.55
812.96	\$ 8,448,822.33	\$ 97,887.08	\$ 11,310,116.20	\$ 542,158.35		\$117,974,986.19
	26,043,135.49			513,794.84		53,814,748.37
			1,360,964.25			
				(67,907.95)		1,293,056.30
098.45)	(1,095,667.93)	34,098.45	(663,363.37)	2,591.26		—
						78,658.06
		3,622.89				3,622.89
446.39						26,446.39
	1,434.11	2.00				82,354.17
839.10	1,096,696.61	334.88	232,509.24	5,474.32		4,678,488.51
	4,809,054.50					4,809,054.50
—	\$ 39,303,475.11	\$ 135,945.30	\$ 12,240,226.32	\$ 996,110.82		\$182,761,415.38

THE CANADIAN

1941 Crop Account

STATEMENT

For the year ended 31st July, 1942

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver

Uncompleted sales at contract prices less provision for carrying costs, etc.

Futures sales

Less: Futures contracts exchanged against cash wheat sales

Open futures sales contracts as at 31st July, 1942 (net)

Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales

Net proceeds from sales

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1942, basis in store Fort William/Port Arthur or Vancouver

Surplus on cash wheat transactions

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators

Storage on wheat stored in terminal elevators

Storage on wheat stored on farms

Transfer of futures to deferred months

Interest and bank charges

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver

Handling, stop-off and diversion charges on wheat warehoused at interior terminals

Drying, reconditioning charges, grade adjustments, etc.

Brokerage and Clearing Association charges

Administrative and general expenses

Surplus from the operations of the Wheat Board on 1941 Crop Account, Western Division, for the year ended 31st July, 1942

HEAT BOARD

Western Division

OPERATIONS

1st July, 1942

Bushels		Amount	
	<u>99,541,198-20</u>		\$ 65,878,773.16
49,981,373-55		\$ 35,993,625.40	
<u>31,735-50</u>	50,013,109-45	<u>22,815.72</u>	\$ 36,016,441.12
54,401,000-00		\$ 46,299,058.75	
56,000-00			
<u>45,000-00</u>	<u>54,401,000-00</u>	<u>43,297,795.00</u>	
		<u>3,001,263.75</u>	
		\$ 39,017,704.87	
	<u>49,528,088-35</u>	<u>39,355,115.01</u>	<u>78,372,819.88</u>
	<u>99,541,198-20</u>		
			\$ 12,494,046.72
		\$ 4,608,851.80	
		287,040.09	
		648,647.98	
		<u>350,700.00</u>	\$ 5,895,239.87
		93,448.02	
		1,251,695.60	
		7,586.54	
		(985.51)	
<u>10,087-00</u>		50,618.99	
		<u>387,388.71</u>	<u>7,684,992.22</u>
			\$ 4,809,054.50

THE CANADIAN

Special Account

STATEMENT OF

For the period from inception (1916) to 31st July, 1942

Wheat acquired:

Delivered through the Clearing Association against long futures contracts
at prevailing market prices

Purchased at Vancouver at prevailing market prices

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur
or Vancouver

Futures—purchased and acquired against cash wheat sales

Futures—sales

Add: Open futures purchase contracts as at 31st July, 1942

Profit on futures contracts purchased and acquired in exchange against
completed and uncompleted cash wheat sales

Profit on futures transactions subsequent to 31st July, 1942, in process
of adjustment, incident to the change in the price level

Net proceeds from sales and futures transactions

Stocks of wheat on hand, valued on the basis of closing market quotations 31st
July, 1942, basis in store Fort William/Port Arthur or Vancouver

Surplus on cash wheat and futures transactions

Deduct: Carrying costs, interest, administrative and general expenses, etc.
Carrying charges:

Storage on wheat stored in terminal elevators

Transfer of futures to deferred months

Interest and bank charges

Brokerage and Clearing Association charges

Administrative and general expenses

Surplus from the operations of the Wheat Board — Special
Account, P.C. 1803, for the period from 16th March, 1942
to 31st July, 1942

HEAT BOARD

C. 1803

ERATIONS

ch, 1942) to 31st July, 1942

Bushels		Amount	
27,385,000-00		\$ 20,947,282.60	
<u>11,780-20</u>	<u>27,396,780-20</u>	<u>8,698.90</u>	\$ 20,955,981.50
	12,927,730-00	\$ 9,943,565.80	
51,264,000-00		\$ 41,296,367.50	
6,000-00			
<u>8,000-00</u>	<u>51,264,000-00</u>	<u>41,804,973.75</u>	
		508,606.25	
		<u>918,341.25</u>	
		\$ 11,370,513.30	
	<u>14,469,050-20</u>	<u>11,321,534.43</u>	<u>22,692,047.73</u>
	<u>27,396,780-20</u>		
			\$ 1,736,066.23
	\$ 331,702.20		
	(<u>118,160.00</u>)	213,542.20	
		95,430.85	
		15,599.97	
		50,528.96	375,101.98
			\$ 1,360,964.25

THE CANADIAN
1941 Crop Account
STATEMENT
For the period from

Flax acquired:

Delivered or to be delivered at Board fixed prices basis Fort William/Port
Arthur

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur ..

Futures trades liquidated under the authority of P.C. 1800 of 9th March, 1942:

Purchases

Sales

Net proceeds from sales

Stocks of flax on hand, valued on the basis of fixed prices established as at 31st
July, 1942, basis in store Fort William/Port Arthur

Deficit on cash flax transactions

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators

Storage on flax stored in terminal elevators

Interest and bank charges

Drying, reconditioning charges, etc.

Brokerage and Clearing Association charges

Administrative and general expenses

Deficit from the operations of the Wheat Board on 1941 Crop
Account, Flax Division, for the period from 19th March
to 31st July, 1942

HEAT BOARD

Division

OPERATIONS

ch to 31st July, 1942

Bushels

Amount

1,968,462-09

\$3,179,576.37

1,339,205-00

\$2,173,646.11

000-00

\$1,830,240.00

000-00

—

1,830,240.00

—

\$2,173,646.11

629,257-091,968,462-09996,110.823,169,756.93

\$ 9,819.44

\$ 34,937.00

9,307.91 \$ 44,244.91

6,225.70

566-44

653.57

648.21

6,316.1258,088.51\$ 67,907.95

THE CANADIAN

1940 Crop Account

STATEMENT

For the period from 1st August 1940 to 31st July 1942

Wheat acquired:

Delivered or to be delivered by Agents on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver

Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver

Uncompleted sales at contract prices less provision for carrying costs, etc.

Futures contracts exchanged against cash wheat sales

Less: Sales

Open futures purchase contracts as at 31st July, 1942

Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales

Net proceeds from sales

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1942, basis in store Fort William/Port Arthur or Vancouver

Surplus on cash wheat transactions

Add: Net revenue from processing levy to 31st July, 1941

Additional net revenue to 31st July, 1942

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators

Storage on wheat stored in terminal elevators

Storage on wheat stored on farms

Transfer of futures to deferred months

Interest and bank charges

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver

Additional charges on wheat shipped via Duluth

Handling, stop-off and diversion charges on wheat warehoused at interior terminals

Drying, reconditioning charges, grade adjustments, etc.

Brokerage and Clearing Association charges

Administrative and general expenses to 31st July, 1941

Add: Expenses chargeable to 1940 crop paid in 1941 crop season

Proportion of administrative and general expenses for the year ended 31st July, 1942

Deficit from the operations of the Wheat Board on 1940 Crop Account, Western Division, for the period from 1st August, 1940 to 31st July, 1942

HEAT BOARD

Western Division

OPERATIONS

0 to 31st July, 1942

Bushels		Amount	
	395,355,522-20		\$268,264,833.39
	<u>1,347,000-00</u>		<u>1,019,682.50</u>
	<u>396,702,522-20</u>		\$269,284,515.89
277,494,159-50		\$203,972,978.04	
<u>21,000-00</u>	277,515,159-50	<u>16,995.00</u>	\$203,989,973.04
273,713,000-00		\$208,939,073.75	
34,000-00			
<u>79,000-00</u>	<u>273,713,000-00</u>	<u>227,937,911.25</u>	
			18,998,837.50
			<u>\$222,988,810.54</u>
	<u>119,187,362-30</u>	<u>95,431,742.09</u>	318,420,552.63
	<u>396,702,522-20</u>		\$ 49,136,036.74
		\$ 5,847,099.88	
		<u>11,968.15</u>	5,859,068.03
			\$ 54,995,104.77
		\$ 29,566,879.85	
		7,634,974.10	
		6,147,458.05	
	<u>5,126,147.50</u>	\$ 48,475,459.50	
		2,699,650.87	
		3,720,836.85	
		103,367.32	
		107,921.02	
		52,973.91	
		335,439.01	
<u>19,006-50</u>		\$ 522,809.28	
		1,708.37	
	<u>338,965.12</u>	<u>863,482.77</u>	<u>56,359,131.25</u>
			\$ 1,364,026.48

THE CANADIAN

1939 Crop Account

STATEMENT

For the period from 1st August 1939 to 31st July, 1942

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Purchased from Producers under the Dominion-Provincial Seed Exchange Policy (no Producers' certificates issued) at Board fixed prices.....

Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....

Transferred from 1938 Crop Account in exchange for long futures contracts held on 1939 Crop Account, at less than Board fixed prices.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Uncompleted sales at contract prices less provision for carrying costs, etc.

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Open futures purchase contracts as at 31st July, 1942.....

Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1942, basis in store Fort William/Port Arthur or Vancouver.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Less: Freight recovered on shipments to Churchill.....

Additional charges on wheat shipped via Duluth.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1941.....

Add: Proportion of administrative and general expenses for the year ended 31st July, 1942.....

Deficit from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939 to 31st July, 1942.....

HEAT BOARD

Western Division

OPERATIONS

to 31st July, 1942

Bushels		Amount	
342,388,146-10		\$232,882,375.60	
<u>907-20</u>	342,389,053-30	<u>635.13</u>	\$232,883,010.73
	43,886,000-00		31,450,150.47
	<u>3,465,142-05</u>		<u>2,015,319.33</u>
	<u>389,740,195-35</u>		\$266,348,480.53
360,786,667-15		\$266,587,506.61	
<u>395,306-40</u>	361,181,973-55	<u>334,794.20</u>	\$266,922,300.81
353,407,000-00		\$274,648,887.50	
7,000-00			
<u>0,000-00</u>	<u>353,407,000-00</u>	<u>289,905,088.75</u>	
			<u>15,256,201.25</u>
			\$282,178,502.06
	<u>28,558,221-40</u>		<u>22,068,948.68</u>
	<u>389,740,195-35</u>		304,247,450.74
			\$ 37,898,970.21
		\$ 10,433,555.28	
		10,089,165.56	
		<u>20,149,657.50</u>	\$ 40,672,378.34
			3,698,753.19
		\$ 1,975,510.77	
		<u>9,760.22</u>	1,965,750.55
			48,622.35
			604,030.41
			4,387.28
			666,144.95
<u>7,212-50</u>		\$ 602,906.14	
		<u>58,950.45</u>	<u>661,856.59</u>
			48,321,923.66
			\$ 10,422,953.45

THE CANADIAN
STATEMENT OF DEFICIT—1938 C
As at

Deficit resulting from the operations of the Wheat Board on 1938 Crop Account,
for the period from 1st August, 1938 to 31st July, 1941

Add: Interest and bank charges to 24th April, 1942

Deduct: Net Surplus from the operations of prior years:

Surplus from the operations in respect of wheat holdings acquired from
Canadian Co-operative Wheat Producers Limited, for the period from
2nd December, 1935 to 31st July, 1938.....

Deduct—funds transferred to the Department of Finance, Ottawa.....

Deduct—deficits resulting from the operations of the Wheat Board on:

1935 Crop Account ..

1936 Crop Account ..

Deduct: Funds received from the Department of Finance, Ottawa, and applied
on bank loans:

Received and applied, 29th April, 1940.....

Received and applied, 24th April, 1942.....

Note—All accounts in respect of the 1938 Crop and of the operations of
years prior thereto were closed out of the records of the Wheat Board
on 24th April, 1942.

EAT BOARD

PRIOR WHEAT OPERATIONS

1942

\$61,425,829.01

99,862.18

\$61,525,691.19

\$24,809,988.42

8,000,000.00

\$16,809,988.42

\$11,858,104.18

49,574.8811,907,679.064,902,309.36

\$56,623,381.83

\$52,000,000.00

4,623,381.8356,623,381.83\$

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A56

REPORT
of
The Canadian Wheat Board

Crop Year 1942-1943

REPORT
of
The Canadian Wheat Board

Crop Year 1942-1943

Report of The Canadian Wheat Board

To:

The HONOURABLE JAMES A. MACKINNON,

Minister of Trade and Commerce,

OTTAWA, Canada.

The outstanding feature of the grain situation in Canada in 1942-43 was the record production of all grains. With limited storage capacity and transportation available, grain marketing problems were unprecedented in intensity and in scope, but as the crop year progressed evidences of basic improvement in the Canadian grain situation were clearly revealed.

Early in 1943 the grain problem in Canada entered a new phase as improved demand became a noticeable factor. During the first three and one-half years of the war this problem in Canada was largely one of financing and storing vast quantities of grain, making the best use of facilities available for this purpose, and equitably rationing storage space among all producers. In the early months of 1943 the emphasis passed from storage difficulties to problems associated with meeting improved demand for Canadian grains with limited transportation available for the movement of grain. It was this development along with the bountiful harvest of 1942 which provided the background for the operations of The Canadian Wheat Board during the crop year 1942-43. During the last half of the crop year prices of all grains advanced.

1942-43 GRAIN AND OILSEED PROGRAMME

In order to examine the operations of The Canadian Wheat Board during the crop year 1942-43 in their proper perspective, it is necessary to consider these operations in the light of the broad grain and oilseed programme established by the Dominion Government for 1942-43. This programme is briefly summarized as follows:

(1) Wheat—The Fixed Initial Price

The fixed initial price of wheat was increased from 70¢ per bushel to 90¢ per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver, effective August 1st, 1942.

(2) Wheat—Limitation of Marketings

For the crop year 1942-43 marketings of wheat were limited to 280 million bushels for the West, as compared with 230 million bushels for all of Canada in the previous crop year.

(3) Barley—Minimum Prices, Ceiling Prices

For the crop year 1942-43 The Canadian Wheat Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in Western Canada

would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 1 Canada Western 2 Row or 6 Row, or No. 2 Canada Western 2 Row or 6 Row — 60¢ per bushel; No. 3 Canada Western—58¢ per bushel; or No. 1 Feed—56¢ per bushel.

The ceiling price of barley is 64 $\frac{3}{4}$ ¢ per bushel basis in store Fort William/Port Arthur.

(4) Oats—Minimum Prices, Ceiling Prices

For the crop year 1942-43 The Canadian Wheat Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 2 Canada Western Oats — 45¢ per bushel; Extra No. 3 Canada Western, No. 3 Canada Western, or Extra No. 1 Feed — 42¢ per bushel; or No. 1 Feed — 40¢ per bushel.

The ceiling price of oats is 51 $\frac{1}{2}$ ¢ per bushel basis in store Fort William/Port Arthur.

(5) Flax—Fixed Prices

For the crop year 1942-43 The Canadian Wheat Board was designated as the only agency to receive flaxseed from producers in Canada. The Canadian Wheat Board was empowered to purchase flaxseed on the basis of \$2.25 per bushel for No. 1 Canada Western Flax basis in store Fort William/Port Arthur.

Under Order in Council P.C. 7649 dated August 28th, 1942 the fixed price of \$2.25 per bushel was established for No. 1 Canada Western Flax produced in British Columbia basis Vancouver, and a similar fixed price for No. 1 Canada Eastern Flax produced in the Eastern Division basis Montreal.

(6) Drawback on Wheat Products

The Canadian Wheat Board was charged with the administration of the drawbacks paid in respect to flour or other human foods containing wheat sold and delivered in Canada between August 1st, 1942 and July 31st, 1943 in accordance with Order in Council P.C. 9457 dated October 16th, 1942.

(7) Price Ceilings on Grains

The Board acted as Administrator of ceiling prices on whole grains on behalf of the Wartime Prices and Trade Board.

(8) Soybeans—Guaranteed Price

The Canadian Wheat Board was empowered to buy soybeans at \$1.95 per bushel for No. 2 Yellow Soybeans basis Toronto.

(9) Equalization Fund

From April 1st, 1943 the Board was charged with the administration of the Equalization Fund on oats and barley.

The extensive grain and oilseed programme in 1942-43 called for a notable expansion in the activities of The Canadian Wheat Board.

DEVELOPMENTS OF THE 1942 CROP

(a) Acreage

The reduction in wheat acreage which occurred between 1940 and 1941 was fully maintained in 1942. The area sown to wheat in Canada in 1942 was 21,586,500 acres as compared with 21,882,200 acres in 1941 and 28,726,200 acres in 1940. The expansion in feed grain acreages and flaxseed noted in 1941 was accelerated in 1942, amounting to nearly 4 million acres over the corresponding acreages for 1941. The seeding programme in 1942 established the basis for a further diversification of Western grain production in 1942-43. The continuance of wheat acreage reduction payments in 1942-43 was a factor in maintaining wheat acreage at moderate levels.

(b) Growing Conditions

The 1942 growing season was favourable throughout and widespread and timely rainfall and favourable temperatures produced uniformly bountiful crops throughout the prairie provinces. In some areas crops matured relatively late and sustained frost damage.

Extreme difficulty was experienced in harvesting the bumper crops of 1942 as heavy fall rains were general throughout the West during the normal harvesting season. In spite of heavy rainfall in late August and during September, good progress was made with harvesting during October, but in some areas, particularly in Alberta, a considerable amount of harvesting was delayed until spring. Unfavourable harvesting weather resulted in threshing of a considerable volume of tough and damp wheat which necessitated special action on the part of the Board.

The following table shows grain production in Canada and in the prairie provinces in 1940, 1941 and 1942:

	All Canada			Prairie Provinces		
	1940	1941	1942*	1940	1941	1942*
	(million bushels)			(million bushels)		
Wheat.....	540	315	593	514	296	565
Oats.....	381	306	652	229	178	500
Barley.....	104	111	259	83	95	241
Rye.....	14	12	25	12	10	23
Flax.....	3	6	15	3	6	15
Totals.....	1,042	750	1,544	841	585	1,344

*Unrevised Estimates.

Wheat production was 278 million bushels larger than in 1941. High yields per acre harvested on increased acreages seeded to feed grains resulted in exceedingly large crops being harvested and the creation of feed grain supplies far in excess of any other year in history. This record production of feed grains, however, coincided with unprecedented feed grain requirements both in Canada and in the United States and formed a sound foundation for further expansion in livestock production during 1942-43.

(c) Total Supplies

Only small amounts of feed grains and flaxseed were carried over from the previous year and consequently 1942 production constituted the main supply of these products. In the case of wheat, however, the accumulated carryover on July 31st, 1942 amounted to 424 million bushels which, added to the 1942 Canadian wheat crop of 592 million bushels, provided a total wheat supply for the crop year of 1942-43 of 1,016 million bushels — the largest stock of wheat ever available in Canada in any one crop year.

(d) Available Storage

The foregoing production and stock data indicate the extent to which grain pressed upon available storage during the crop year 1942-43. The carryover of wheat on July 31st, 1942 along with small stocks of other grains filled the greater part of storage space available in Canada on August 1st, 1942. On that date, after allowing for necessary working space, there was about 120 million bushels of available space in country elevators and about 35 million bushels in other elevators throughout Canada. Available storage space in country elevators was exceedingly small in relation to the volume of grain for marketing during the crop year.

MARKETINGS AND PRICES

WHEAT

(a) Marketings and Board Receipts

Under the 1942-43 grain programme, wheat deliveries were restricted to 280 million bushels in the West. Owing to the late harvest, congested country elevators, transportation difficulties and the urgent need for feed grains, deliveries of wheat were relatively slow throughout the crop year and by July 31st, 268 million bushels had been delivered. To the end that all producers would have the opportunity of delivering 15 bushels per authorized acre during 1942-43, the 15-bushel delivery quota was extended to August 15th at nearly 1,900 delivery points, and after August 15th provision was made for special permits to be issued to those producers who still were unable to deliver their 15-bushel quotas owing to lack of space in country elevators. These extensions brought deliveries for the crop year 1942-43 to about 273 million bushels.

During the crop year 1942-43 deliveries to the Board amounted to 168 million bushels, or 62% of total wheat marketings. Deliveries to the Board were heavily concentrated in the August-March period and were relatively light during the last four months of the crop year when open market prices were advancing. The following table shows Board receipts by months and the high and low cash closing prices for each month of the crop year:

	Board Receipts (Bushels)	Board * Initial Price	Cash Closing Prices **	
			High	Low
August	—	90	89 ³ / ₈	88 ³ / ₈
September	22,435,504-50	90	90	89 ³ / ₈
October	56,744,169-25	90	90 ³ / ₈	89 ³ / ₈
November	32,792,785-50	90	90 ⁵ / ₈	90 ³ / ₈
December	25,856,661-40	90	90 ¹ / ₂	90 ¹ / ₄
January	13,687,357-55	90	90 ¹ / ₂	90 ¹ / ₄
February	9,066,969-50	90	90 ⁵ / ₈	90 ³ / ₈
March	6,590,663-40	90	101 ³ / ₄	90 ¹ / ₂
April	101,654-05	90	102 ¹ / ₄	95 ⁷ / ₈
May	65,776-20	90	101	97 ¹ / ₂
June	83,972-25	90	103 ³ / ₈	99 ⁵ / ₈
July	81,015-45	90	112 ⁷ / ₈	102 ⁵ / ₈
	<u>167,506,531-45</u>			

* No. 1 Northern Wheat basis in store Fort William/Port Arthur or Vancouver.
 **No. 1 Northern Wheat in store Fort William/Port Arthur.

(b) Exports

Overseas clearances and United States imports of Canadian wheat amounted to 154,929,217 bushels as compared with exports of 176,081,138 bushels in 1941-42. Exports of flour established an all-time record in 1942-43 amounting to 12,575,215 barrels, or the equivalent of 56,588,469 bushels of wheat. Total exports of wheat and wheat flour for the crop year 1942-43 amounted to 211,517,686 bushels as compared with 222,007,141 bushels during the previous crop year. The decline in exports of wheat is accounted for by the exceptionally large wheat crop harvested in the United Kingdom in 1942; smaller wheat shipments being partially offset by larger flour exports. The United Kingdom continued to be the main purchaser of Canadian wheat.

(c) Western Prices

The initial price of the basic western grade No. 1 Northern wheat was increased from 70¢ per bushel to 90¢ per bushel by an amendment to The Canadian Wheat Board Act, 1935. On August 4th, 1942, Board prices for other principal grades of wheat were approved by Order in Council P.C. 6891. Initial prices of all other grades were established by the Board and approved by the Government on August 28th under Order in Council P.C. 7650.

(d) Eastern Division

On May 20th, 1942 under Order in Council P.C. 4223 the fixed initial price of all wheat in Ontario was established at 90¢ per bushel basis export rail freights to Montreal for No. 1 grades of Ontario winter wheat, with the proviso that this price would only become effective in the event that the market price for No. 1 grades of Ontario winter wheat at country points fell below a price of 95¢ per bushel basis export rail freights to Montreal. The fixed initial prices for other grades of Ontario wheat were established by Order in Council P.C. 7583 under date of August 26th, 1942.

As prices for Ontario wheat remained higher than 95 cents per bushel no deliveries were made to the Board and there are no operations to be recorded during the crop year 1942-43.

SALES TO THE UNITED KINGDOM

In June, 1943 a sale of 40 million bushels of Winnipeg wheat futures was made to the United Kingdom. This was the only bulk sale to the United Kingdom during the crop year as a sale of 120 million bushels to the United Kingdom had been made in May, 1942.

SALES TO OTHER GOVERNMENTS

In December, 1942 the Belgian Government in London purchased 7 million bushels of wheat futures from the Board.

During the crop year the Royal Norwegian Government in Exile entered into negotiations for the purchase of 4 million bushels of wheat.

OATS

(a) *Minimum Prices*

Pursuant to Order in Council P.C. 1801 minimum prices for oats were made effective by The Canadian Wheat Board throughout the crop year 1942-43. Except for a period of about six weeks in November and December 1942, open market prices of oats ranged higher than the guaranteed minimum prices, with the result that Board purchases of oats were confined to a relatively short period of time. To protect the minimum price levels, the Board became a purchaser of oats on November 5th, 1942 and continued to purchase as required to December 15th, 1942 when further purchases were no longer necessary.

During this period the Board purchased 26,918,645-10 bushels of oats which were re-sold by the Board within the crop year.

(b) *Exports*

During the crop year a large market for Canadian oats developed in the United States and total exports for the crop year amounted to 59 million bushels. Substantial quantities of oats moved to Eastern Canada and the Maritime Provinces for feed purposes.

BARLEY

(a) *Minimum Prices*

Board operations in maintaining the specified minimum prices for barley followed the general pattern of action taken in respect to oats. The Board became the purchaser of barley on October 29th, 1942 and continued to purchase barley as required to maintain minimum prices until December 21st, 1942. During this period the Board purchased 19,709,429-34 bushels of barley which were disposed of during the crop year.

(b) *Exports*

During the crop year an important demand for Canadian barley, particularly for malting grades, developed in the United States and exports of barley for the crop year amounted to 34 million bushels. Large quantities of western barley moved to Eastern Canada for feed purposes.

SURPLUS—OATS AND BARLEY OPERATIONS

Board operations in maintaining minimum prices for oats and barley resulted in a surplus of \$309,238.28 which according to Order in Council P.C. 1801 accrues to the Consolidated Revenue Fund.

FLAXSEED

The Board commenced the crop year 1942-43 with 629,257-09 bushels of flaxseed on hand from the stocks taken over under Order in Council P.C. 1800, dated March 9th, 1942. During the crop year these stocks were sold out with the exception of 18,693-16 bushels which were transferred to the 1942-43 Flax Account. During the crop year the Board took delivery from producers, on the basis of the guaranteed fixed price, of 11,318,928-14 bushels of flaxseed. Total sales during the crop year amounted to 9,033,016-00 bushels, leaving stocks on hand at July 31st, 1943 amounting to 2,927,364-42 bushels. During the crop year sales in the domestic market amounted to 3,821,756-37 bushels and sales for export, totalling 5,211,259-19 bushels, were made at an average price of \$2.44418 per bushel, basis No. 1 C.W. Flax. The surplus resulting from export sales was not sufficient to offset the difference between the price paid producers and the ceiling price governing sales in the domestic market, with the result that a deficit of \$1,978,308.44 is recorded in the 1942-43 Flaxseed Account.

SOYBEANS

In accordance with Order in Council P.C. 2799 the Board was empowered to purchase soybeans at \$1.95 per bushel for No. 2 Yellow Soybeans basis Toronto. Board operations in soybeans were confined to the Eastern Division where the Board purchased 90,900 bushels at the guaranteed price. These purchases were re-sold during the crop year on the basis of the purchase price. Operations in soybeans resulted in a deficit of \$6,715.10 after providing for carrying charges and administrative expenses.

EQUALIZATION FUNDS

On April 6th, 1943 the Dominion Government announced the establishment of equalization funds in respect to oats and barley. The Canadian Wheat Board was empowered to assess equalization fees against permits issued for the export of oats and barley; the equalization fee being based upon the difference between domestic prices of oats and barley and prices obtainable for these grains in export markets, after allowing for transportation costs, normal forwarding costs, and import duties.

This arrangement was necessary because prices of oats and barley on the Winnipeg market had advanced to ceiling levels and United States prices were not subject to control. With United States markets showing considerable strength, it was necessary to arrive at a method by which any disparity between Canadian and United States prices beyond necessary forwarding costs would not accrue to those engaged in exporting these grains and at the same time would be reflected back to producers in the West.

The equalization funds so constituted, less expenses, were to be distributed after the close of the crop year among all producers who marketed oats and barley between April 1st, 1943 and July 31st, 1943, in areas under the jurisdiction of The Canadian Wheat Board.

Equalization fees on oats and barley were relatively small when first imposed, but were increased sharply in June and July. Three factors limited the extent of equalization funds during the April-July period. These were:

- (1) Substantial exports of feed grains were made prior to the establishment of equalization funds;
- (2) During the April-July period large shipments of feed grains were made on the basis of contracts entered into prior to the establishment of equalization funds;
- (3) Transportation difficulties limited the volume of new export sales during the April-July period.

For these reasons the distribution from the equalization funds as at July 31st, 1943 was not large and cannot be compared with a distribution following a full year's operations with export prices relatively high in relation to domestic ceiling prices.

Equalization fees on oats were assessed by the Board commencing April 19th, and as at July 31st the equalization fund on oats amounted to \$1,165,053.10. This fund was paid out on oats deliveries between April 1st, 1943 and July 31st, 1943, amounting to 46,555,288 bushels; the per-bushel payment from the fund was 2.4 cents.

The comparative price situation in Canada and the United States did not warrant the assessing of equalization fees on barley until May 28th, 1943. As at July 31st, 1943 the equalization fund on barley amounted to \$481,061.34. This fund was paid out on barley deliveries between April 1st, 1943 and July 31st, 1943, amounting to 31,541,219 bushels; the per-bushel payment from the fund was 1.43 cents.

DELIVERY QUOTAS IN 1942-43

During 1942-43 the administration of delivery quotas was adjusted to the unprecedented circumstances prevailing. In the first place, wheat marketings had to be restricted to 280 million bushels under the 1942-43 grain programme. This was the first crop year during which it was necessary to implement a restriction on total marketings of wheat through delivery quotas and authorized acreages. In the second place, the record production of oats and barley yielded large marketable surpluses of these grains, which had to be moved through, and by, the limited storage and transportation facilities available. In the third place, an urgent demand for feed supplies arose early in the crop year which required periodic priority in the delivery and shipment of feed grains. These three factors were reflected in the administration of delivery quotas during the crop year.

The Board established general delivery quotas of 5 bushels per authorized acre on wheat and 5 bushels per seeded acre on oats, barley and rye by the start of the crop year. Where local storage permitted some increases in wheat quotas were made during August and September, but at the end of September 80% of delivery points were still on a 5-bushel basis. With due regard to the necessity of permitting delivery of sufficient feed grains to meet demand, the Board felt that wheat quotas in the fall should be directed towards permitting the delivery of 160 million bushels of wheat by the end of December, 1942; thus leaving 120 million bushels of wheat to be delivered during the last seven months of the crop year. With this objective in mind, the Board undertook the revision of wheat delivery quotas on October 15th, 1942 and continued to expand wheat quotas as space became available. During this period the necessity of moving a relatively large volume of feed grains limited the delivery opportunity which could be established for wheat.

On July 31st, 1942 reserves of feed grains in Canada were very small in relation to the large livestock population on farms. The feed problem therefore had to be met almost entirely out of 1942 production. The late harvest added to the urgency of moving feed grains during the October-December period. On September 12th the general quota on oats and barley was increased to 7 bushels per seeded acre, and on September 30th to 10 bushels per seeded acre. These quota increases were necessary to bring out supplies of oats and barley in areas where threshing had been completed prior to the wet weather. However, it was not until the middle of October that marketings reached the volume necessary to fill what was to be an early and continuous demand for feed grains in Eastern Canada, and later in the United States. During this period, limited supplies of low-grade wheat were available in country elevators and these supplies were moved forward as soon as carlots were accumulated. From October 15th to the close of navigation early in December, shipments of low-grade wheat, oats and barley were preferred in order that current demand for feed supplies might be met as soon as possible and in order that a reserve of these feeds might be built up at the Lakehead to meet winter demand. Delivery quotas established in respect to feed grains, and the transportation allocated to the movement of these grains, resulted in the shipment of 45 million bushels of oats and barley from country elevators between October 1st and December 18th, 1942. This combined programme resulted in the building up of reserve stocks of oats and barley at the Lakehead to the extent of about 20 million bushels, and left about 20 million bushels of these grains in country elevators available for future shipment.

While the feed grain movement was under way wheat quotas were increased where local storage was available, but it was not until December 9th, 1942 that the general delivery quota on wheat was raised to 8 bushels per authorized acre and the general delivery quota on rye was raised to 8 bushels per seeded acre. When it became apparent that threshing would not be completed before spring in substantial areas in Saskatchewan and Alberta, wheat delivery quotas were increased rapidly in these areas in order to provide delivery opportunity for those producers who had completed threshing.

When the general wheat quota was increased to 8 bushels per authorized acre early in December, cars were authorized to make this quota effective throughout the West. However, car loadings decreased sharply in December and continued at a very low level during the ensuing several months, with the result that it was a considerable time before many delivery points were able to receive the full 8-bushel delivery quota.

On April 13th the general wheat delivery quota was advanced to 10 bushels per authorized acre, and by the end of April, 15% of all delivery points were on a 10-bushel basis; 17% on a 12-bushel basis, and 68% on a 14-bushel basis. As at April 30th, 90 million bushels of wheat remained to be marketed by producers to bring deliveries up to the 280 million bushel limitation established by the Government for 1942-43.

On the opening of navigation the Board was in a position to commence a substantial movement of high-grade wheat from country elevators, and railways were instructed by the Transport Controller to use a high percentage of their equipment for this purpose. It was then possible for the Board to undertake immediate relief for a considerable number of delivery points in the main wheat areas of the West; a position which the Board would like to have reached considerably earlier in the crop year.

During the month of May it became apparent that a 14-bushel per authorized acre delivery quota on wheat would not yield marketings of 280 million bushels during the crop year, for the reason that many producers were unable to deliver their quota owing to crop damage, unusually heavy farm feedings of wheat, or because of reducing 1942 wheat acreages to less than the authorized acreage established for delivery purposes. On May 17th, 1943, the Board announced that the final delivery quota for 1942-43 would be 15 bushels per authorized acre.

HANDLING OF THE YEAR-END POSITION

On July 31st, the Board provided that at 254 points the wheat delivery quotas would revert to 3 bushels per authorized acre, commencing August 1st; deliveries to apply on 1943-44 delivery quotas. These were points where the 15-bushel per authorized acre deliveries were fully completed by producers. 1942-43 quotas existing on July 31st at all other delivery points were extended to August 15th in order to give producers as much opportunity as possible to complete their 15-bushel delivery quotas. In order to ease the pressure on deliveries of coarse grains and to clear the way for further wheat deliveries, the Board had announced on June 30th that delivery quotas on oats and barley in effect on July 31st would be extended to August 15th. Oats quotas of 30 bushels per seeded acre as at July 31st were extended to August 31st.

The great bulk of deliveries between August 1st and August 15th were, therefore, deliveries on account of 1942-43 delivery quotas. During this period wheat deliveries amounted to about 4 million bushels, and coarse grains to about 6 million bushels; or a total of 10 million bushels of all grains during the period when 1942-43 quotas were extended.

On August 15th there were still some congested points in the West. On August 14th the Board issued instructions dealing with the position of those producers who would not be able to complete their 15-bushel wheat delivery quota as at August 15th owing to lack of local storage space. On submission of a statement signed by all elevator agents at their points to the effect that they were not able to take the balance of such producers' 1942-43 wheat delivery quota owing to shortage of space, the Board was prepared to issue, on application, a special permit covering the balance of each producer's 1942-43 wheat delivery quota not delivered by August 15th. Under this regulation about 2,200 special permits were issued — a relatively small number compared with the volume of wheat which had to be taken during the last three months of the crop year. These special permits were valid until October 15th but in some cases it was necessary to extend their validity.

The Board therefore feels that through its efforts to secure adequate transportation, and through the special arrangements made at the close of the crop year and during the first half of August, a reasonable opportunity has been given to producers to market the volume of wheat which they desired to market under the 15-bushel quota for the crop year 1942-43.

Total marketings of all grains and flaxseed for the crop year amounted to over 500 million bushels — a year of very large marketings on the part of producers. When it is considered that on August 1st, 1942 space available in country elevators (allowing for working space) amounted to about 120 million bushels, it is evident that available space was used to advantage throughout the crop year.

TRANSPORTATION

In order that available transportation might be utilized most effectively in respect to the movement of various grains and grades of grain, the Board assumed control of the allocation of grain cars in the West on October 15th, 1942. The shipping programme inaugurated by the Board during the month of October was designed to move sufficient feed grains to the Lakehead to meet current demand and to build up a reserve of feedstuffs which might be moved eastward during the winter months. The following table shows car loadings of wheat and coarse grains during the August-December period:

	Wheat (Cars)	Coarse Grains (Cars)
August	8,677	1,695
September	6,259	5,042
October	2,749	16,234
November	7,982	8,537
December	8,717	4,725
Total	34,384	36,233

It will be noted that in August car loadings were substantially wheat. In September car loadings of wheat predominated but were only slightly more than loadings of coarse grains. In October, 16,234 cars were loaded with coarse grains as compared with only 2,749 cars loaded to wheat—a 6 to 1 ratio in favour of coarse grains. In November coarse grains loadings still exceeded wheat, but nearly 8,000 cars were loaded to wheat during the month. The use of nearly 30,000 cars for the movement of coarse grains, including flaxseed, during September, October and November limited the number of cars available for the shipment of wheat during this period, and yet no more than sufficient coarse grains were shipped during the period to look after the current demand and a reserve for winter feed consumption in Eastern Canada.

About the middle of December there was a sudden shrinkage in the transportation available for the movement of grain in Canada; a situation which had a profound effect on Board operations until the end of April.

Previous to the closing of navigation the railways were loading approximately 800 cars per day at country points. In late December, in January, in February and in March, car loadings declined to an average of about 400 cars per day. Prior to the close of navigation from 6,000 to 9,000 cars were under load with grain in the West. During the winter months the number of cars under load to grain declined to as low as 2,000 to 3,000 cars.

Early in January the Board met the railways and the Transport Controller in Montreal in regard to transportation available for grain. In February the matter was referred to the Dominion Government and further conferences were held with the railways and the Transport Controller.

The winter of 1942-43 was very unfavourable from a rail-roading standpoint which added materially to transportation difficulties.

Early in January the Board requested the loading of 1,000 cars per day for the balance of the crop year as the minimum to permit the marketing of 280 million bushels of wheat during the crop year, and to provide some space in country elevators for the new crop. With average loadings in the West of about 400 cars per day, a serious backlog of shipping developed during the winter months.

In spite of the limited transportation available the Board was able to maintain the movement of wheat to domestic mills and the movement of feed grains to the Lakehead and to allocate some cars to low-quota points. During the winter it was necessary for the railways to curtail the loading of Canadian cars with grain destined for the United States. This situation was partially relieved by United States' railways supplying cars for the direct movement of feed grains from country points to the United States.

The main effect of the shortage in transportation during the winter months was to limit the Board in relieving low-quota points throughout Western Canada. Had transportation continued at a

reasonable level during the winter months of 1942-43, a large block of wheat would have been moved to the Lakehead from the main wheat areas with a consequent improvement in delivery quotas in this region. However, the necessary volume of transportation was not available, and as a result many points, particularly in the main wheat areas, had to go through the winter with wheat quotas as low as 8 bushels per authorized acre, and at some of these points the railways were not able to complete the Board's authorizations to make the 8-bushel quota effective.

In spite of the efforts which the Board made to build up a reserve of feed grains at the Lakehead before the close of navigation, low-grade wheat, oats and to a lesser extent barley, were continually in demand during the winter months, and the Board continued to preference the shipment of these grains in order that this demand could be met to the greatest possible extent.

It was not until the latter part of April that transportation improved as far as grain was concerned, but once again the Board had to concentrate available shipping on the movement of feed grains prior to the opening of navigation. The distribution of cars as between wheat and coarse grains from January to April is shown in the following table:

	Wheat (Cars)	Coarse Grains (Cars)
January	5,756	5,258
February	4,296	4,925
March	4,970	5,863
April	6,530	11,806
Total	<u>21,552</u>	<u>27,852</u>

During the May-July period there was a substantial increase in transportation available for the movement of grain, and it was during this period that large quantities of high-grade wheat were moved from areas which had been subject to relatively low delivery quotas throughout the crop year. Car loadings of wheat and coarse grains during the May-July period are as follows:

	Wheat (Cars)	Coarse Grains (Cars)
May	15,629	5,461
June	17,755	10,355
July	10,585	10,114
Total	<u>43,969</u>	<u>25,930</u>

Wheat loadings during the last three months of the crop year were about double the wheat loadings of the previous four months. It was the rapid expansion in car loadings of wheat which ultimately made possible the taking of 15 bushels per authorized acre throughout the West.

Transportation available for the movement of grain was not sufficient to make space available in country elevators for the 1943 crop. At the end of 1941-42 the great bulk of available storage capacity in Canada was in country elevators; at the end of 1942-43 country elevators were congested, but over 100 million bushels of space was available in other elevators in Canada, mainly at the Lakehead.

SPECIAL AUTHORIZATIONS

(a) Damp Grain

Unfavourable harvesting weather in the fall of 1942 resulted in the threshing of substantial quantities of damp grain. On November 11th, 1942 the Board arranged for the allocation of cars for the shipment of damp wheat delivered to country elevators within existing delivery quotas. On December 4th, 1942 the Board authorized the delivery of damp wheat up to 14 bushels per authorized acre and damp oats and barley up to 20 bushels per seeded acre on application to the Board. On April 13th, 1943 the Board authorized the delivery of tough wheat with a moisture content of 16% or higher up to 14 bushels per authorized acre. At the same time the Board made provision for producers to deliver damp oats, barley and rye with a moisture content of 17% or over, to the full extent of their marketable surplus upon application.

There still remained the problem of damp wheat which could not be delivered under the delivery limitation for the crop year. On April 27th, 1943 the Board announced an arrangement whereby producers holding above-quota damp wheat could exchange their damp wheat for dry wheat at country elevators, on payment of the customary charges. As previously indicated a considerable amount of threshing was not completed in the fall months and apprehension was felt in regard to the probable condition of spring-threshed crops. However, the spring opened up very favourably, and as a result most of the threshing was completed without difficulty and, generally, the grain was threshed dry. In many cases no loss of grade was sustained by crops which were not threshed until spring.

In dealing with the damp wheat problem during 1942-43 the Board was continuously confronted with transportation difficulties. The damp wheat problem could only be dealt with to the extent that cars could be made available for the prompt movement of damp grain out of country elevators.

(b) Malting Barley

Throughout the crop year 1942-43 there was a brisk demand for barley of malting type. Early in the crop year a shortage of malting barley occurred in Alberta, and in order to keep malting plants in that province operating continuously, the Board authorized producers to ship one carload of malting barley over and above the quota effective at their delivery point, provided a sample of the said barley had been submitted to and accepted by a malting company operating in that province. At the end of October this same privilege was

extended to producers of malting barley throughout the West for shipment to any destination. On December 15th the overdelivery privilege for malting barley was extended to two carlots and later to three carlots. As a result of these extensions in delivery quotas, Canadian demand for malting barley was met, and in addition, a supply of barley of malting quality was accumulated for shipment to the United States.

(c) Durum Wheat

In March 1943, the Dominion Government authorized the Board to permit the marketing of the balance of all Durum wheat produced in the West in 1942. These supplies of Durum wheat were required as food products in Canada. The arrangement in respect to Durum wheat involved the marketing of an additional 2 million bushels of Durum wheat supplied almost equally by Manitoba and Saskatchewan. These additional marketings of Durum wheat were outside the 280 million bushel limitation, and therefore did not affect deliveries of producers' ordinary spring wheats.

(d) Producers in Armed Services

In March 1943, the Dominion Government authorized The Canadian Wheat Board to make provision for 1942 permit-holders, who have subsequently joined the armed forces or the merchant marine, to market the balance of their 1942 wheat. Under this arrangement overdelivery privileges were granted to 1,367 servicemen, and overdeliveries amounted to 1,066,815 bushels.

PACIFIC COAST

Unloadings at the Pacific Coast were slightly higher than in 1941-42 but sales and shipments were slightly lower. Loadings amounted to 4,209,879-50 bushels; shipments amounted to 2,933,593 bushels, while sales totalled 3,509,812-30 bushels. Shortage of shipping continued to affect Board operations at the Pacific Coast.

CHURCHILL

There was no movement into or out of Churchill during 1942-43, the elevator remaining full of wheat.

LONDON OFFICE

The London office rendered valuable services to the Board during 1942-43. Mr. R. V. Biddulph, European Commissioner, continued his liaison work between the Board and the Imported Cereals Division of the United Kingdom Ministry of Food, and also acted as the Board's agent in transactions with the United Kingdom Treasury. He also assisted in negotiations for the sale of wheat to other countries.

During the year Mr. Biddulph visited Canada in connection with his work.

ADVISORY COMMITTEE

The Advisory Committee rendered valuable assistance to the Board and to the Dominion Government during the crop year 1942-43. In addition to formulating its recommendations in respect to 1943-44 grain policy, the Advisory Committee gave consideration to a wide range of marketing problems arising during the crop year. Members of the Advisory Committee during 1942-43 were: Messrs. Lew Hutchinson (Chairman), Duhamel, Alberta; R. C. Brown, Pilot Mound, Manitoba; D. A. Campbell, Montreal; F. H. Clendenning, Vancouver; P. Farnalls, Halkirk, Alberta; R. Messier, Ottawa; J. A. McCowan, Summerberry, Saskatchewan; F. Pettypiece, Auld, Ontario; R. C. Reece, Winnipeg; A. C. Reid, Winnipeg, and J. H. Wesson, Regina, Saskatchewan.

In September 1943, Mr. R. Messier tendered his resignation owing to pressure of other duties, and he was succeeded by Mr. Theo. Roy of Montreal, Quebec.

LEGAL DEPARTMENT

The increased activities of the Board in the crop year 1942-43 involved an expansion in the work of the Legal Department. During the year the Department continued to secure enforcement of Board regulations: 517 prosecutions were instituted and 511 convictions were obtained. Most of the prosecutions resulted from overdeliveries of grain.

STAFF CHANGES

In August, 1942 Mr. W. G. Malaher was appointed Supervisor, Acreage Department.

In September, 1942 Mr. W. C. McNamara joined the staff of the Board as Supervisor of Car Supply. His services were loaned to the Board by Saskatchewan Pool Elevators Limited.

In October, 1942 Mr. Henry B. Monk was appointed Solicitor to the Board, succeeding Mr. Allan L. Dyker who enlisted in the Royal Canadian Air Force.

Mr. Dyker died on active service on June 25th, 1943.

THE CANADIAN WHEAT BOARD

It is with deepest regret that we record the death of Mr. W. Charles Folliott. Mr. Folliott rendered faithful service to the Board for a period of over five years, and his passing on March 13th, 1943 was a great loss to the Board and the public service of this country.

On June 1st, 1943 Mr. D. A. Kane, General Manager, Manitoba Pool Elevators Limited, was appointed to the Board to succeed the late Mr. Folliott.

OPERATING AND FINANCIAL SUMMARY

During the year under review the Board continued its operations with an unsold position of approximately 244,500,000 bushels of the 1939, 1940, 1941 crop seasons and Special Account P.C. 1803. By reason of the unusual conditions prevailing, over 77,000,000 bushels of this total were still in country elevators, divided almost evenly between the 1940 and 1941 crops. Approximately 168,000,000 bushels of the wheat delivered by producers from the 1942 crop were marketed through the Board, and during the period the operations of the 1939 crop season and Special Account P.C. 1803 were finalized.

In addition to wheat and its problems, the Board continued to control, handle and market flaxseed under authority of Order in Council P.C. 1800, and took delivery of all soybeans offered to the Board by producers—Order in Council P.C. 2799. Acting under authority of Order in Council P.C. 1801 the Board purchased and sold oats and barley futures and cash grain, as required, for the purpose previously referred to in this Report.

Acting on behalf of the Wartime Prices and Trade Board and the Department of Finance, the Board also undertook the responsibility for payment of drawback claims from flour millers and other processors of wheat for human consumption in Canada, and beginning toward the latter part of its fiscal period the Board assumed responsibility, at the request of the Oils and Fats Administrator, for the purchase, sale and shipment of linseed oil for export. The profit resulting from the latter operations is reflected in the statement covering flaxseed.

Because of having to maintain each grade of wheat as a separate "pool", and with the manifold other accounts administered by the Board, the accounting problems may be appreciated. They have been and are numerous, complex and varied.

Since the market price of Ontario Winter Wheat of No. 1 grades at country points remained throughout the season at over 95 cents per bushel basis export rail freight to Montreal, no deliveries were made to the Board—Order in Council P.C. 4223.

The following tables show the position of the 1942, 1941, 1940 and 1939 crops and Special Account P.C. 1803, together with a table of the position of the three crops open as at the date of the Balance Sheet.

WESTERN DIVISION

1942 Crop

Deliveries by producers to Agents of the Board, by provinces, were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba.....	19,601,622-50	—	275,943-35	68,530-10	19,946,096-35
Saskatchewan.....	84,826,079-10	9,392-50	71,501-00	8,361,191-50	93,268,164-50
Alberta.....	43,720,942-20	370,299-30	1,637-40	10,199,390-50	54,292,270-20
	<u>148,148,644-20</u>	<u>379,692-20</u>	<u>349,082-15</u>	<u>18,629,112-50</u>	<u>167,506,531-45*</u>

* 82,359,051-55 bushels of the above deliveries were in store country elevators, not yet delivered to the Board.

The ultimate disposition of the 167,506,531-45 bushels of wheat received by the Board from producers was as follows:

58,188,886-10	bushels were shipped to Fort William/Port Arthur
1,769,407-35	" " " " Vancouver
23,919,698-25	" " " " Interior terminals and mills
1,269,487-40	" " sold at country elevators
85,147,479-50	
* 82,359,051-55	" in store country elevators, not yet delivered
<u>167,506,531-45</u>	

* In addition to the above figure, 18,340,937-35 bushels of the 1940 crop and 20,583,576-10 bushels of the 1941 crop were still in country elevators, not yet delivered.

Deliveries by producers to the Board, as reported by the Board's Agents; net sales and unsold stocks held by the Board at the end of each month, are shown in the following table:

	Deliveries to the Board by Producers	Net Sales of 1942 Crop by the Board	Balance of 1942 Crop Held by the Board at end of month
1942			
August.....	—	* 44,999,738-20	(44,999,738-20)
September.....	22,435,504-50	32,954-15	(22,597,187-45)
October.....	56,744,169-25	141,830-00	34,005,151-40
November.....	32,792,785-50	410,944-55	66,386,992-35
December.....	25,856,661-40	889,014-55	91,354,639-20
1943			
January.....	13,687,357-55	1,198,255-55	103,843,741-20
February.....	9,066,969-50	612,670-50	112,298,040-20
March.....	6,590,663-40	396,673-35	118,492,030-25
April.....	101,654-05	900,821-15	117,692,863-15
May.....	65,776-20	814,118-05	116,944,521-30
June.....	83,972-25	** 22,154,298-05	94,874,195-50
July.....	81,015-45	5,658,945-35	89,296,266-00
Total for Year	<u>167,506,531-45</u>	<u>78,210,265-45</u>	

* Included in this figure is a quantity of 45,000,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942. This figure was shown in our previous Report as 59,400,000 bushels. The reason for the variation is given in the following paragraphs. The small variation between this adjustment and the sales figure above represents the difference between cash wheat sales and futures exchanged.

** As mentioned elsewhere in this Report, a sale of 40,000,000 bushels of wheat futures was made to the United Kingdom on June 8th, 1943, 17,400,000 bushels of which are included in the June sales above. The balance of 22,600,000 bushels was allocated as follows: 16,800,000 bushels to the 1940 crop and 5,800,000 bushels to the 1941 crop.

As reported last year, a sale of 120,000,000 bushels of wheat futures was made to the United Kingdom on May 22nd, 1942. The allocation of this sale was applied as follows: 12,000,000 bushels to the 1941 crop; 33,600,000 bushels to the 1940 crop; 15,000,000 bushels to the 1939 crop, and 59,400,000 bushels were carried forward to the 1942 crop. This latter quantity would have been included, in the usual way, in the August figures shown above. The sale was applied on the usual basis of the unsold position in each of the crop years open at that time and an estimated handling of 280,000,000 bushels for the 1942 crop.

Early in 1943 conditions changed and it became apparent that the estimated handling of 280,000,000 bushels for the 1942 crop would not be realized, and toward the end of the season this sale was re-allocated basis an estimated handling of 168,000,000 bushels instead of the 280,000,000 bushels previously used. The new basis applied the sale—45,000,000 bushels to the 1942 crop; 15,000,000 bushels to the 1941 crop; 41,400,000 bushels to the 1940 crop and 18,600,000 bushels to the 1939 crop. This reduced the allocation to the 1942 crop from 59,400,000 bushels to 45,000,000 bushels. The difference, of 14,400,000 bushels, was allocated over and is included in the August sales of each crop year affected; viz., 1941 crop, 3,000,000 bushels; 1940 crop, 7,800,000 bushels; 1939 crop, 3,600,000 bushels. The 45,000,000 bushels applicable to the 1942 crop are included in the August sales shown in the preceding table.

The month-end liability of the Board to the Banks and Agents of the Board in respect of the 1942 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1942			
August 31st.....	\$ —	\$ —	\$ —
September 30th.....	677,035.98	19,189,531.82	19,866,567.80
October 31st.....	1,375,547.48	64,876,893.61	66,252,441.09
November 30th.....	2,801,083.91	88,162,228.08	90,963,311.99
December 31st.....	3,558,569.00	100,287,164.27	103,845,733.27
1943			
January 31st.....	4,913,879.85	102,187,267.54	107,101,147.39
February 28th.....	5,048,975.52	103,997,029.13	109,046,004.65
March 31st.....	3,998,041.32	105,056,369.96	109,054,411.28
April 30th.....	5,705,422.32	99,759,392.51	105,464,814.83
May 31st.....	7,730,701.35	91,737,375.93	99,468,077.28
June 30th.....	7,033,498.94	78,368,873.44	85,402,372.38
July 31st.....	6,358,811.56	69,744,696.03	76,103,507.59

1941 Crop

On Page 13 of the Report for the crop year 1941-42 a statement was presented showing deliveries to the Board, sales and unsold stocks of the 1941 crop, by months. The following table shows the sales for the period under review, together with the unsold balance, by months:

	Net Sales of 1941 Crop by the Board	Balance of 1941 Crop Held by the Board at end of Month
1942		
July 31st (as per previous Report)		43,683,088-35
Less Deliveries wrongfully reported by Agents of the Board—subsequently adjusted		<u>707-00</u>
		43,682,381-35
August.....	* 3,133,909-30	40,548,472-05
September.....	114,764-45	40,433,707-20
October.....	172,545-25	40,261,161-55
November.....	107,821-55	40,153,340-00
December.....	51,179-35	40,102,160-25
1943		
January.....	26,288-00	40,075,872-25
February.....	12,699-25	40,063,173-00
March.....	9,918-55	40,053,254-05
April.....	233,066-15	39,820,187-50
May.....	209,226-35	39,610,961-15
June.....	** 7,321,755-30	32,289,205-45
July.....	1,821,938-25	30,467,267-20
Total for Year	<u>13,215,114-15</u>	

* Included in this item is an adjustment of 3,000,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942, upon which we have previously commented.

** This quantity includes 5,800,000 bushels, being part of a sale of 40,000,000 bushels of wheat futures to the United Kingdom, and allocated to the 1941 crop.

The month-end liability of the Board to the Banks and Agents of the Board on the 1941 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1942			
August 31st.....	\$10,277,923.98	\$23,228,694.42	\$33,506,618.40
September 30th.....	12,033,925.48	21,262,177.19	33,296,102.67
October 31st.....	12,589,621.38	19,627,282.14	32,216,903.52
November 30th.....	6,197,519.47	18,884,136.54	25,081,656.01
December 31st.....	3,525,669.15	18,105,786.21	21,631,455.36
1943			
January 31st.....	3,811,862.82	17,636,488.48	21,448,351.30
February 28th.....	3,969,158.89	17,188,713.79	21,157,872.68
March 31st.....	3,994,827.49	16,883,407.17	20,878,234.66
April 30th.....	4,006,445.14	16,438,916.51	20,445,361.65
May 31st.....	4,033,425.19	15,827,813.39	19,861,238.58
June 30th.....	6,269,435.92	14,929,743.18	21,199,179.10
July 31st.....	6,098,822.78	14,177,621.24	20,276,444.02

Special Account—P.C. 1803

The following table is a continuation of the table shown on Page 14 of our previous Report, covering the operations of Special Account authorized under Order in Council P.C. 1803 of 9th March, 1942:

	Purchases Special Account P.C. 1803	Net Sales	Balance of Special Account P.C. 1803 Held by the Board at end of month
1942			
July 31st (as per previous Report)			23,097,050-20
August.....	6,312,895-00	3,542,278-30	25,867,666-50
September.....	5,316,721-00	2,725,574-20	28,458,813-30
October.....	1,437,597-20	607,872-30	29,288,538-20
November.....	—	5,577,126-50	23,711,411-30
December.....	—	18,652,000-00	5,059,411-30
1943			
January.....	—	5,057,000-00	2,411-30
February.....	—	—	2,411-30
March.....	—	471-50	1,939-40
April.....	—	—	1,939-40
May.....	—	—	1,939-40
June.....	—	—	1,939-40
July.....	—	1,939-40	—
Total for Year	<u>13,067,213-20</u>	<u>36,164,263-40</u>	

1940 Crop

Following is a continuation of the table shown on Page 15 of last year's Report, for the year under review:

	Net Sales of 1940 Crop by the Board	Balance of 1940 Crop Held by the Board at end of month
1942		
July 31st (as per previous Report)		121,966,362-30
August.....	* 7,828,280-05	114,138,082-25
September.....	89,212-25	114,048,870-00
October.....	13,007-30	114,035,862-30
November.....	146,371-10	113,889,491-20
December.....	47,991-00	113,841,500-20
1943		
January.....	31,899-30	113,809,600-50
February.....	15,647-25	113,793,953-25
March.....	25,783-20	113,768,170-05
April.....	675,836-30	113,092,333-35
May.....	638,258-45	112,454,074-50
June.....	** 21,234,808-10	91,219,266-40
July.....	5,264,841-35	85,954,425-05
Total for Year	<u>36,011,937-25</u>	

* Included in this item is an adjustment of 7,800,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942, upon which we have previously commented.

** This quantity includes 16,800,000 bushels, being part of a sale of 40,000,000 bushels of wheat futures to the United Kingdom, and allocated to the 1940 crop.

The month-end liability of the Board to the Banks and Agents of the Board on the 1940 wheat crop account is shown in the following table:

	Demand Loans	Liability to Agents	Combined
1942			
August 31st.....	\$ 71,425,189.84	\$ 22,611,363.50	\$ 94,036,553.34
September 30th.....	67,261,714.24	19,638,792.91	86,900,507.15
October 31st.....	61,117,010.01	18,118,748.44	79,235,758.45
November 30th.....	52,733,069.71	17,605,140.01	70,338,209.72
December 31st.....	54,021,118.34	17,142,878.06	71,163,996.40
1943			
January 31st.....	53,306,401.99	16,673,912.95	69,980,314.94
February 28th.....	49,585,865.78	16,198,384.01	65,784,249.79
March 31st.....	50,246,481.51	15,641,970.92	65,888,452.43
April 30th.....	42,224,455.25	15,004,628.77	57,229,084.02
May 31st.....	38,782,623.58	14,367,531.33	53,150,154.91
June 30th.....	32,321,440.71	13,480,630.51	45,802,071.22
July 31st.....	27,243,706.35	12,752,346.07	39,996,052.42

1939 Crop

On Page 16 of last year's Report the operations of the 1939 crop for the year were shown, and the following table shows their continuation until the crop was finalized:

	Net Sales of 1939 Crop by the Board	Balance of 1939 Crop Held by the Board at end of Month
1942		
July 31st (as per previous Report)		55,728,221-40
August.....	* 3,604,292-50	52,123,928-50
September.....	17,420-40	52,106,508-10
October.....	21,051-30	52,085,456-40
November.....	3,430-00	52,082,026-40
December.....	3,151-20	52,078,875-20
1943		
January.....	1,779,364.25	50,299,510-55
February.....	8,098,996-20	42,200,514-35
March.....	41,740,514-35	460,000-00
April.....	460,000-00	—
Total for Year	55,728,221-40	

* Included in this item is an adjustment of 3,600,000 bushels in respect of a sale of 120,000,000 bushels of wheat futures made to the United Kingdom on May 22nd, 1942, upon which we have previously commented.

The month-end liability of the Board to the banks in respect of the 1939 wheat crop account follows:

1942		1943	
August 31st.....	\$31,770,562.83	January 31st.....	\$31,346,737.32
September 30th.....	31,787,260.44	February 28th.....	30,779,800.73
October 31st.....	31,539,401.11	March 31st.....	8,736,305.80
November 30th.....	31,727,722.35	April 30th.....	5,867,099.20
December 31st.....	31,553,553.24	May 31st.....	7,009,342.10
		June 30th.....	6,724,319.70
		July 31st.....	6,743,253.55

Combined Statement of Sales and Unsold Position

A statement showing the combined net sales of the 1939, 1940, 1941 and 1942 crop years, together with the sales of Special Account—P.C. 1803 and the unsold position by months, follows:

1942	Net Sales			Balance Held at End of Month		
	Combined 1939, 1940, 1941 and 1942 Crops	Special Account P.C. 1803	Total	Combined 1939, 1940, 1941 and 1942 Crops	Special Account P.C. 1803	Total
July (as per previous Report)						
Less Deliveries wrongfully reported by Agents of the Board—subsequently adjusted						
August.....	59,566,220-45	3,542,278-30	63,108,499-15		23,097,050-20	244,474,723-05
September.....	254,352-05	2,725,574-20	2,979,926-25	221,377,672-45		
October.....	348,434-25	607,872-30	956,306-55	707-00		707-00
November.....	668,568-00	5,577,126-50	6,245,694-50		23,097,050-20	244,474,723-05
December.....	991,336-50	18,652,000-00	19,643,336-50			
1943						
January.....	3,035,807-50	5,057,000-00	8,092,807-50	221,376,965-45	23,097,050-20	244,474,016-05
February.....	8,740,014-00	—	8,740,014-00	161,810,745-00	25,867,666-50	187,678,411-50
March.....	42,172,890-25	471-50	42,173,362-15	183,991,897-45	28,458,813-30	212,450,711-15
April.....	2,269,724-00	—	2,269,724-00	240,387,632-45	29,288,538-20	269,676,171-05
May.....	1,661,603-25	—	1,661,603-25	272,511,850-35	23,711,411-30	296,223,262-05
June.....	50,710,861-45	—	50,710,861-45	297,377,175-25	5,059,411-30	302,436,586-55
July.....	12,745,725-35	1,939-40	12,747,665-15			
Total for Year	183,165,539-05	36,164,263-40	219,329,802-45	308,028,725-30	2,411-30	308,031,137-00
				308,355,681-20	2,411-30	308,358,092-50
				272,773,454-35	1,939-40	272,775,394-15
				270,605,384-40	1,939-40	270,607,324-20
				269,009,557-35	1,939-40	269,011,497-15
				218,382,668-15	1,939-40	218,384,607-55
				205,717,958-25	—	205,717,958-25

STATEMENTS

Appended to this Report will be found the following statements, as at 31st July, 1943:

Consolidated Balance Sheet.....	Exhibit I
Statement of Assets and Liabilities and consolidation thereof.....	Exhibit II
Statement of Assets and Liabilities and consolidation thereof: Special Account—P.C. 1803, Coarse Grains and Drawback Account.....	Exhibit III
Statement of Operations—	
1939 Crop Account—Western Division.....	Exhibit IV
1940 Crop Account—Western Division.....	Exhibit V
1941 Crop Account—Western Division.....	Exhibit VI
1942 Crop Account—Western Division.....	Exhibit VII
Special Account—P.C. 1803.....	Exhibit VIII
Flax Division—P.C. 1800.....	Exhibit IX
1942 Crop Oats and Barley Account—P.C. 1801.....	Exhibit X
1942 Crop Soybeans Account—P.C. 2799.....	Exhibit XI

CONSOLIDATED BALANCE SHEET

(Exhibit I)

Stocks of Cash Grain

Wheat Stocks

Included under this heading are the wheat stocks carried in country and terminal elevators, or in transit. These were valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.

Wheat Sold but not Delivered

These stocks are valued at sales prices less loading charges.

Loading Charges

These charges, to be recovered from sales of wheat in seaboard positions, represent recoveries which will be made when sales are consummated.

Flax Stocks

These stocks were also being carried in country and terminal elevators, or in transit. They are valued on the basis of Board fixed prices established at 31st July, 1943, basis in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at ceiling prices.

No allowance has been made for export sales made subsequent to the date of the Balance Sheet, the quantities of which could not be determined at that time. They will, however, be reflected in subsequent statements as a reduction of the deficit shown in the Operating Statement appended.

Linseed Oil Sold but not Delivered

This represents the recovery value of stocks actually disposed of at realizable prices. Purchases of linseed oil for the purpose of completing these sales are included under the heading of "Accounts Payable".

Drawback Account

"Funds on Deposit", as they are described, were on deposit at the various banks. "Deposit in Transit" represents funds in payment of claims settled which did not reach us until after the date of the Balance Sheet, but were deposited immediately thereafter.

Accounts Receivable

This amount represents the usual items in process of adjustment at the end of the fiscal period, and which have since been paid.

Memberships

All memberships carried under this heading are necessary for the conduct of the operations of the Board. The component items represent three memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association Limited (commonly known as the "Clearing House", through which all futures contracts are cleared daily), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost, less dividends received.

Deficit—1939 Crop

This figure represents the result of the operations of this crop plus interest on bank advances since the marketings were finalized. The amount shown may be affected by minor adjustments, and will be subject to interest charges until the deficit is assumed and paid by the Dominion Government.

In order to complete the operations of this crop account, the unsold cash wheat stocks of 27,972,719-15 bushels were transferred to the 1940 crop account in exchange for 23,973,000 bushels of wheat futures. The transfer took place at March 31st, 1943.

In effecting the transfer of the cash wheat, provision was made for possible loss in the disposition of out-of-position stocks at Churchill and Vancouver.

Liability to Banks

The figure shown represents all liabilities to the Lending Banks with whom the Board finances its operations. The item "Deposit in Transit" has previously been referred to, and represents the difference between \$3,000,000.00, received immediately subsequent to the Balance Sheet date, and claims previously settled.

Liability to Agents

At the time grain is delivered by producers to the country elevators of the companies who act as Agents of the Board, the producers receive payment on the basis of the Board initial prices, and the liability continues to be carried by the companies until such time as the grain is unloaded in a deliverable position.

Amount due to Producers on Oats and Barley

The amount shown represents equalization fees collected on oats and barley exported from Canada under authority of P.C. 4450, which amount, less the estimated cost of making the payment, amounting to \$73,866.00, and 1% representing the P.F.A.A. levy collectible by the Board of Grain Commissioners and amounting to \$15,864.59, will be paid to the producers. The amounts to be paid are—oats, \$1,118,048.02, and barley, \$452,546.58, or a per bushel payment of 2.4¢ and 1.43¢, respectively.

This payment was based on deliveries made to country elevators, mills and other dealers for the period from April 1st to July 31st, inclusive, and since the Board had no record of these deliveries the information had to be furnished by the companies concerned. Approximately 170,000 cheques had to be prepared for this purpose.

Amounts due to Producers, Eastern Division, 1939 and 1940 Crop Accounts

These amounts represent the outstanding Certificates on the final payment of the 1939 and 1940 Crop Accounts.

During the period under review approximately \$9,400.00 has been paid to producers covering these final payments. Every reasonable effort has been made and is being made to secure these outstanding Certificates.

Drawback Account

For the purpose of paying drawback claims of millers and other processors of wheat for human consumption in Canada, a figure of \$6,000,000.00 was estimated early in the season, but early in 1943 market conditions changed and wheat prices increased so that a further provision was necessary. Claims actually settled for the crop year were \$6,720,032.57, and further small claims may still be presented.

Accounts Payable

The principal items in this amount, totalling in excess of \$4,700,000.00, arose as a result of sales of wheat futures to the United Kingdom and to the Belgian Government in London, and are carried by us as customers' accounts. The balance is represented almost wholly by linseed oil purchased but not paid for, against which we show an asset for linseed oil sold but not delivered.

Accrued Expenses Payable

As stated on the face of the Balance Sheet, this item includes all accrued charges and represents, very largely, freight, storage and other carrying charges.

Due to the Dominion Government

The balance shown under this heading represents the results of the operations of Special Account—P.C. 1803 and coarse grains up to the date of the Balance Sheet. The amounts for each of the Accounts are as follows:

	Dr.	Cr.
Special Account—P.C. 1803.....		\$1,990,310.13
Oats and Barley Account—P.C. 1801....		309,238.28
Flaxseed Account—P.C. 1800.....	\$1,978,308.44	
Soybeans Account—P.C. 2799.....	6,715.10	
Balance due Dominion Government.....	314,524.87	
	<u>\$2,299,548.41</u>	<u>\$2,299,548.41</u>

When the final balance is determined, it is provided in each case that losses to the Board on these operations shall be paid from and charged to moneys appropriated under the War Appropriation Acts, 1942, or subsequent War Appropriation Acts, and any profits shall accrue to the Consolidated Revenue Fund.

Surplus from the Operations of the Wheat Board

The amounts comprising this item represent the accumulated surpluses as at 31st July after valuing unsold stocks at closing market prices.

STATEMENT OF ASSETS AND LIABILITIES AND CONSOLIDATION THEREOF

(Exhibit II)

As in the previous Report, Exhibit II shows the detail of the component Balance Sheet items for each of the crop years and Special Account—P.C. 1803, with the additional inclusion of coarse grains accounts. Because the statement does not provide for all the necessary columns, Special Account—P.C. 1803 and the coarse grains are combined in one column, the detail of which is shown in Exhibit III. The items have already been explained in the comments dealing with Exhibit I.

Amounts due to and from other Board Accounts

The amounts shown under this heading represent the daily Clearing House adjustments and all other items affecting the uncompleted sales of wheat futures, which are handled through one crop account and are subsequently adjusted periodically as the sales are allocated.

STATEMENT OF OPERATIONS

1942 Crop Account (Exhibit VII)

Since the same headings are used in each of the crop accounts, our comments will be confined to the above Exhibit and any comments necessary on any special transactions affecting later Board years will be made subsequently.

Wheat Acquired

Under this heading is shown the quantities of wheat received by the Agents of the Board on behalf of the producers.

Wheat Sold

This total comprises sales actually completed, for which payment has been received, and also the uncompleted sales at contract prices for which payment will be received at time of delivery.

Futures Contracts

The items shown under this heading reflect the loss arising as a result of the sales of futures contracts acquired in exchange against cash wheat sales, after valuing the open futures contracts as at 31st July, 1943, at closing market prices. In the case of the other crop years, you will note the transactions represent a profit.

Stocks of Wheat on Hand

These stocks were valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver, and the net final surplus of \$9,782,186.28 is therefore based on the theory that net stocks of cash wheat and futures contracts held by the Board could have been closed out at the prices used in valuing these holdings, subject only to final grade adjustments, etc.

Of the total bushelage shown (87,492,266-00 bushels), 82,359,051-55 bushels were held in store at country elevators or in transit and not yet delivered to the Board.

Carrying Charges and Other Costs

Carrying Charges

Carrying charges on wheat stored in country elevators represent storage and interest charges paid and payable to the Agents of the Board up to the date of the Balance Sheet. These charges continue until such time as the wheat reaches a deliverable position, when it is taken over and paid for by the Board.

Storage on Wheat Stored in Terminal Elevators

This item covers storage paid or accrued up to the date of the Balance Sheet on wheat carried in interior, lakehead, Pacific Coast, or other terminals. Wheat is not necessarily moved out of the terminals at the time of sale, in which case the Board allows the accrued storage to the buyer on the sales invoice.

Interest and Bank Charges

This item represents interest on Bank loans at the rate of 3 per cent. per annum, together with the usual bank charges for exchange, collection of funds, etc.

Additional Freight

This amount represents additional freight paid on wheat purchased on the basis of Vancouver freight rates, subsequently moved eastward, together with provision for stocks still being carried in the country.

Drying, Reconditioning Charges, Grade Adjustments, etc.

This item is subject to final grade adjustments with the Agents of the Board when all the wheat has been delivered by them. It also includes the value of wheat lost in transit between interior terminals and lakehead or Pacific Coast terminals. This represents a very trifling percentage in comparison to the total quantities shipped, and a portion of the value of this shrinkage has been or subsequently will be collected from the railway companies.

1941 Crop Account

Stocks of Wheat on Hand

Included in this figure are 20,583,576-10 bushels still being carried in country elevators or in transit, not delivered to the Board as at the date of the Balance Sheet.

1940 Crop Account

Stocks of Wheat on Hand

Included in this quantity are 18,340,937-35 bushels of wheat still being carried in country elevators or in transit, and not yet delivered at the end of the Board's fiscal period.

Net Revenue from Processing Levy

This item has been commented on in the Board Reports for the previous two crop years. The small additional revenue for this year represents items in process of adjustment at the close of the 1940 crop year.

Special Account—P.C. 1803 (Exhibit VIII)

In the year under review the operations of Special Account—P.C. 1803 were finalized, as per the statement appended hereto.

Flax Division—P.C. 1800 (Exhibit IX)

This statement represents the transactions involved in taking delivery of flax stocks at 19th March, 1942, and combines the operations of the balance of that crop year together with the 1942 crop year.

Included in the statement is an item of \$106,836.45 representing the revenue arising from the handling of linseed oil, which has previously been referred to; and, as stated, no provision for subsequent export sales at values higher than the Board fixed price was considered in valuing the flax stocks on hand.

Of the unsold stocks shown, 1,376,559-23 bushels were still in country elevators or in transit as at the end of the fiscal period.

1942 Crop Oats and Barley Account—P.C. 1801 (Exhibit X)

As mentioned elsewhere in this Report, the Board was empowered to buy oats and barley cash grain and futures contracts. The result of these transactions and subsequent sales thereof, showing a profit of \$309,238.28, is shown in the statement appended hereto.

1942 Soybeans Account—P.C. 2799 (Exhibit XI)

Operations of this Account, covering deliveries offered by producers, were completed as at 31st July, 1943, and resulted in a deficit of \$6,715.10.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

C. GORDON SMITH,
Assistant Chief Commissioner

D. A. KANE,
Commissioner

Winnipeg, Manitoba
February 29th, 1944.

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<i>Statement of Assets and Liabilities and consolidation thereof: Special Account—P.C. 1803, Coarse Grains and Drawback Account.....</i>	<i>EXHIBIT III</i>
<i>Statement of Operations—</i>	
<i>1939 Crop Account—Western Division.....</i>	<i>EXHIBIT IV</i>
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THE CANADIAN CONSOLIDATED

As at 31

ASSETS

Stocks of cash grain, etc.—(In terms of inventories prepared by responsible officials):		
Wheat stocks (valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver).....	\$184,670,531.50	
Wheat sold but not delivered (valued at sales prices less loading charges).....	270,827.91	
Loading charges to be recovered from sales of wheat in seaboard positions.....	10,602.34	
Flax stocks (valued on the basis of Board fixed prices established as at 31st July, 1943, basis in store Fort William/Port Arthur or Montreal—less provision for stocks to be sold to domestic crushers and processors at maximum prices—P.C. 1800)	5,839,647.93	
Linseed Oil sold but not delivered (valued at sales prices including U.S. exchange).....	138,203.15	\$190,929,812.83
Drawback Account—funds on deposit.....	\$ 73,636.54	
—deposit in transit.....	794,035.88	867,672.42
Accounts receivable.....		91,461.48
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association.....		14,595.51
Office furniture, equipment and automobiles, at cost less depreciation.....		39,820.08
Deficit—resulting from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939, to 31st July, 1943		8,816,210.36

\$200,759,572.68

WHEAT BOARD BALANCE SHEET July 31, 1943

EXHIBIT I

LIABILITIES

Liability to banks—demand loans.....	\$ 51,241,235.61	
—accrued interest thereon.....	4,211.61	
—outstanding cheques.....	236,255.00	
—deposit in transit.....	(2,205,964.12)	\$ 49,275,738.10
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board:		
—Wheat	\$ 96,674,663.34	
—Flax	2,989,014.33	99,663,677.67
Amount due to Producers on Oats and Barley Equalization fees—P.C. 4450.....		1,646,114.44
Amounts due to Producers, Eastern Division, on the outstanding certificates:		
1939 Crop Account final payment	\$ 3,251.36	
1940 Crop Account final payment	17,385.03	20,636.39
Drawback Account—appropriation	\$ 6,000,000.00	
Deduct: Net payments to millers and processors....	5,132,327.58	867,672.42
1930 Wheat Crop Equalization Payment Account—residue made available to The Canadian Wheat Board		78,658.06
Accounts payable—uncompleted wheat sales.....	\$ 4,736,275.00	
—sundry accounts.....	88,530.11	4,824,805.11
Accrued expenses payable—freight, storage charges, etc.		4,195,469.88
Due to the Dominion Government:		
Net surplus resulting from the operations of the Wheat Board in respect of Special Account—P.C. 1803, and coarse grains accounts—P.C. 1800, 1801 and 2799		314,524.87
Surplus from the operations of the Wheat Board, Western Division, for the period from 1st August, 1940, to 31st July, 1943:		
1940 Crop Account.....	\$ 17,900,257.86	
1941 Crop Account.....	12,189,831.60	
1942 Crop Account.....	9,782,186.28	39,872,275.74
		<u>\$200,759,572.68</u>

THE CANADIAN

STATEMENT OF ASSETS AND LIABILITIES

As at 31

ASSETS

Stocks of cash grain, etc:	1939 Wheat Crop Account
Wheat stocks	\$
Wheat sold but not delivered.....	
Loading charges.....	
Flax stocks.....	
Linseed Oil sold but not delivered.....	
Funds on deposit.....	
Deposit in transit.....	
Accounts receivable.....	244.90
Grain trade memberships.....	
Office furniture, equipment and automobiles.....	
Deficit—resulting from operations—Western Division.....	8,816,210.30
	<u>\$8,816,455.20</u>

LIABILITIES

Liability to banks—demand loans.....	\$6,743,253.50
—accrued interest thereon.....	554.20
—outstanding cheques.....	
—deposit in transit.....	
	<u>\$6,743,807.70</u>
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board.....	
Amount due to Producers on Oats and Barley Equalization fees—P.C. 4450.....	
Amounts due to Producers, Eastern Division, on the outstanding certificates:	
1939 Crop Account final payment.....	
1940 Crop Account final payment.....	
Drawback Account—balance of appropriation.....	
1930 Wheat Crop Equalization Payment Account.....	
Accounts payable.....	
Accrued expenses payable.....	
Due to the Dominion Government:	
Net surplus resulting from operations.....	
Surplus resulting from operations—Western Division.....	
Amounts due to and from other Board accounts.....	2,072,647.10
	<u>\$8,816,455.20</u>

HEAT BOARD

ND CONSOLIDATION THEREOF

y, 1943

1940 Wheat Crop Account	1941 Wheat Crop Account	1942 Wheat Crop Account	Totals for Special Account P.C. 1803, Coarse Grains, etc.	Totals for Consolidated Balance Sheet
39,303,360.14	\$24,761,121.92	\$90,606,049.44	\$	\$184,670,531.50
110,056.06	1,899.12	158,872.73		270,827.91
10,480.65		121.69		10,602.34
			5,839,647.93	5,839,647.93
			138,203.15	138,203.15
9,423,896.85	\$24,763,021.04	\$90,765,043.86	\$5,977,851.08	\$190,929,812.83
			73,636.54	73,636.54
3,882.48	4,732.76	62,509.83	794,035.88	794,035.88
		14,595.51	20,091.51	91,461.48
		39,820.08		14,595.51
				39,820.08
				8,816,210.36
9,427,779.33	\$24,767,753.80	\$90,881,969.28	\$6,865,615.01	\$200,759,572.68
7,243,706.35	\$ 6,098,822.78	\$ 6,358,811.56	\$4,796,641.37	\$ 51,241,235.61
2,239.21	501.27	522.65	394.24	4,211.61
200,211.93	33,927.56	2,105.47	10.04	236,255.00
		(2,205,964.12)		(2,205,964.12)
7,446,157.49	\$ 6,133,251.61	\$ 4,155,475.56	\$4,797,045.65	\$ 49,275,738.10
1,752,346.07	14,177,621.24	69,744,696.03	2,989,014.33	99,663,677.67
			1,646,114.44	1,646,114.44
		3,251.36		3,251.36
		17,385.03		17,385.03
78,658.06			867,672.42	867,672.42
736,275.00	158.55	2,655.60		78,658.06
136,374.67	562,816.50	1,418,611.97	85,715.96	4,824,805.11
			77,666.74	4,195,469.88
			314,524.87	314,524.87
900,257.86	12,189,831.60	9,782,186.28		39,872,275.74
377,710.18	(8,295,925.70)	5,757,707.45	(3,912,139.40)	—
127,779.33	\$24,767,753.80	\$90,881,969.28	\$6,865,615.01	\$200,759,572.68

THE CANADIAN
STATEMENT OF ASSETS AND LIABILITIES
SPECIAL ACCOUNT — P. C. 1803, COAST GUARD

As at

ASSETS

Stocks of cash grain, etc:

Flax stocks

Linseed Oil sold but not delivered.....

Funds on deposit.....

Deposit in transit

Accounts receivable.....

LIABILITIES

Liability to banks—demand loans.....

—accrued interest thereon.....

—outstanding cheques.....

Liability to Agents for grain purchased from Producers but not yet delivered
to the Wheat Board.....

Amount due to Producers on Oats and Barley Equalization fees—P.C. 4450.....

Drawback Account—balance of appropriation.....

Accounts payable.....

Accrued expenses payable.....

Due to the Dominion Government:

Net surplus resulting from operations.....

Amounts due to and from other Board accounts.....

HEAT BOARD

EXHIBIT III

AND CONSOLIDATION THEREOF GAINS AND DRAWBACK ACCOUNT

y, 1943

Special Account P.C. 1803	Flax Division P.C. 1800	1942 Crop Oats & Barley Account P.C. 1801	1942 Crop Soybeans Account P.C. 2799	Drawback Account	Total
	\$5,839,647.93				\$5,839,647.93
	138,203.15				138,203.15
	<u>\$5,977,851.08</u>				<u>\$5,977,851.08</u>
				\$ 73,636.54	73,636.54
				794,035.88	794,035.88
8,615.16	11,476.35				20,091.51
<u>8,615.16</u>	<u>\$5,989,327.43</u>			<u>\$867,672.42</u>	<u>\$6,865,615.01</u>
	\$4,795,401.55		\$1,239.82		\$4,796,641.37
	394.14		.10		394.24
	10.04				10.04
	<u>\$4,795,805.73</u>		<u>\$1,239.92</u>		<u>\$4,797,045.65</u>
	2,989,014.33				2,989,014.33
		\$1,646,114.44			1,646,114.44
				\$867,672.42	867,672.42
	85,715.96				85,715.96
	77,666.74				77,666.74
90,310.13	(1,978,308.44)	309,238.28	(6,715.10)		314,524.87
31,694.97)	19,433.11	(1,955,352.72)	5,475.18		(3,912,139.40)
<u>8,615.16</u>	<u>\$5,989,327.43</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$867,672.42</u>	<u>\$6,865,615.01</u>

THE CANADIAN

1939 Crop Account

STATEMENT OF

For the period from 1st August 1938 to 31st July 1943

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Purchased from Producers under the Dominion-Provincial Seed Exchange Policy (no Producers' certificates issued) at Board fixed prices.....

Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....

Transferred from 1938 Crop Account in exchange for long futures contracts held on 1939 Crop Account, basis closing market quotations 31st July, 1940.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Profit on futures contracts acquired in exchange against completed cash wheat sales.....

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Less: Freight recovered on shipments to Churchill.....

Additional charges on wheat shipped via Duluth.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1942.....

Add: Proportion of administrative and general expenses for the year ended 31st July, 1943.....

Deficit from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939 to 31st July, 1943.....

WHEAT BOARD

EXHIBIT IV

Western Division

OPERATIONS

9, to 31st July, 1943

Bushels		Amount	
2,388,146-10		\$232,882,375.60	
907-20	342,389,053-30	635.13	\$232,883,010.73
	43,886,000-00		31,450,150.47
	3,465,142-05		2,015,319.33
	<u>389,740,195-35</u>		\$266,348,480.53
	389,740,195-35		\$294,431,870.54
31,903,000-00		\$303,305,766.25	
<u>31,903,000-00</u>	—	<u>318,483,178.75</u>	
		15,177,412.50	
	<u>389,740,195-35</u>		309,609,283.04
			\$ 43,260,802.51
	\$ 10,433,555.28		
	11,109,534.13		
	<u>22,072,357.50</u>	\$ 43,615,446.91	
		4,405,739.06	
	\$ 1,966,993.09		
	<u>9,760.22</u>	1,957,232.87	
		48,622.35	
		568,022.49	
		12,892.06	
		754,482.60	
	\$ 661,856.59		
	<u>52,717.94</u>	<u>714,574.53</u>	52,077,012.87
			\$ 8,816,210.36

THE CANADIAN 1940 Crop Account STATEMENT For the period from 1st August

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....
Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....
Transferred from 1939 Crop Account in exchange for long futures contracts held on 1940 Crop Account, basis closing market quotations 31st March, 1943.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver
Uncompleted sales at contract prices less provision for loading costs.....
Futures contracts exchanged against cash wheat sales.....
Less: Sales.....
 Open futures purchase contracts as at 31st July, 1943.....
 Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.....

Surplus on cash wheat transactions.....

Add: Net revenue from processing levy to 31st July, 1942.....

Additional net revenue to 31st July, 1943.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....
Storage on wheat stored in terminal elevators.....
Storage on wheat stored on farms.....
Transfer of futures to deferred months.....
Interest and bank charges.....
Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....
Additional charges on wheat shipped via Duluth.....
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....
Drying, reconditioning charges, grade adjustments, etc.....
Brokerage and Clearing Association charges.....
Administrative and general expenses to 31st July, 1942.....

Add: Proportion of administrative and general expenses for the year ended 31st July, 1943.....

Surplus from the operations of the Wheat Board on
1940 Crop Account, Western Division, for the period
from 1st August, 1940, to 31st July, 1943.....

HEAT BOARD

Western Division

OPERATIONS

, to 31st July, 1943

Bushels		Amount	
	395,355,522-20		\$268,264,833.81
	2,591,000-00		2,104,406.25
	<u>23,972,719-15</u>		<u>23,287,694.55</u>
	<u>421,919,241-35</u>		\$293,656,934.61
357,944,546-30		\$279,852,462.18	
<u>122,270-00</u>	358,066,816-30	<u>110,056.06</u>	\$279,962,518.24
353,809,000-00		\$285,367,752.50	
707,000-00			
<u>102,000-00</u>	<u>353,809,000-00</u>	<u>310,071,053.75</u>	
			<u>24,703,301.25</u>
			\$304,665,819.49
	<u>63,852,425-05</u>	<u>69,303,360.14</u>	373,969,179.63
	<u>421,919,241-35</u>		\$ 80,312,245.02
		\$ 5,859,068.03	
		<u>966.09</u>	<u>5,860,034.12</u>
			\$ 86,172,279.14
	\$ 31,856,571.36		
	12,004,971.89		
	6,147,457.89		
	<u>8,474,986.25</u>	\$ 58,483,987.39	
		4,307,949.03	
		3,673,271.59	
		103,367.32	
		146,221.83	
		68,519.25	
		486,980.07	
	\$ 863,482.77		
	<u>138,242.03</u>	<u>1,001,724.80</u>	68,272,021.28
			<u>\$ 17,900,257.86</u>

THE CANADIAN

1941 Crop Account

STATEMENT

For the period from 1st August 1941 to 31st July, 1943

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver

Uncompleted sales at contract prices.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Open futures purchase contracts as at 31st July, 1943.....

Profit on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Storage on wheat stored on farms.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1942.....

Add: Expenses chargeable to 1941 Crop paid in 1942 crop season.....

Proportion of administrative and general expenses for the year ended 31st July, 1943.....

Surplus from the operations of the Wheat Board on 1941 Crop Account, Western Division, for the period from 1st August, 1941, to 31st July, 1943.....

HEAT BOARD

Western Division

OPERATIONS

1, to 31st July, 1943

Bushels		Amount	
	<u>99,540,491-20</u>		\$65,878,307.19
77,010,524-00		\$60,255,631.12	
<u>1,700-00</u>	77,012,224-00	<u>1,899.12</u>	\$60,257,530.24
74,923,000-00		\$62,585,840.00	
984,000-00			
<u>939,000-00</u>	<u>74,923,000-00</u>	<u>67,298,213.75</u>	
		<u>4,712,373.75</u>	
		\$64,969,903.99	
	<u>22,528,267-20</u>	<u>24,761,121.92</u>	89,731,025.91
	<u>99,540,491-20</u>		<u>\$23,852,718.72</u>
		\$ 7,121,047.91	
		833,346.88	
		643,637.37	
		<u>1,090,333.75</u>	\$ 9,693,365.91
		204,360.24	
		1,205,985.84	
		24,898.18	
		8,878.44	
		100,162.41	
		\$ 387,388.71	
		304.51	
	<u>37,542.88</u>	<u>425,236.10</u>	11,662,887.12
			<u>\$12,189,831.60</u>

THE CANADIAN

1942 Crop Account

STATEMENT

For the year ended 31st July, 1943

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Uncompleted sales at contract prices less provision for loading costs.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Open futures purchase contracts as at 31st July, 1943.....

Loss on futures contracts acquired in exchange against completed and uncompleted cash wheat sales.....

Net proceeds from sales.....

Stocks of wheat on hand, valued on the basis of closing market quotations 31st July, 1943, basis in store Fort William/Port Arthur or Vancouver.....

Surplus on cash wheat transactions

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and Clearing Association charges

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1942 Crop Account, Western Division, for the year ended 31st July, 1943

HEAT BOARD

Western Division

OPERATIONS

to July, 1943

Bushels		Amount	
	<u>167,506,531-45</u>		\$139,689,538.67
79,848,353-45		\$71,121,986.28	
<u>165,912-00</u>	80,014,265-45	<u>158,872.73</u>	\$71,280,859.01
75,551,000-00		\$73,662,193.75	
747,000-00			
<u>804,000-00</u>	<u>75,551,000-00</u>	<u>71,539,537.50</u>	
		<u>2,122,656.25</u>	
		\$69,158,202.76	
	<u>87,492,266-00</u>	<u>90,606,049.44</u>	159,764,252.20
	<u>167,506,531-45</u>		
			\$ 20,074,713.53
		\$ 9,184,484.16	
		94,878.67	
	<u>(1,119,462.50)</u>	\$ 8,159,900.33	
		140,615.19	
		1,313,032.93	
		24,454.88	
		5,368.83	
		80,924.20	
		<u>568,230.89</u>	10,292,527.25
			<u>\$ 9,782,186.28</u>

THE CANADIAN

Special Account

STATEMENT

For the period from inception (

Wheat acquired:

Delivered through the Clearing Association against long futures contracts
at prevailing market prices.....

Purchased at prevailing market prices.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur
or Vancouver.....

Futures contracts:

Purchased

Exchanged against cash wheat sales.....

Less: Sales.....

Profit on futures contracts purchased and acquired in exchange
against completed cash wheat sales.....

Profit on cash wheat transactions subsequent to 31st July, 1942, in process
of adjustment, incident to the change in the price level.....

Net proceeds from sales and futures transactions.....

Surplus on cash wheat and futures transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Storage on wheat stored in terminal elevators.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Adjustment of grades with terminals.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1942.....

Add: Proportion of administrative and general expenses for the
year ended 31st July, 1943

Surplus from the operations of the Wheat Board—
Special Account, P.C. 1803, for the period from 16th
March, 1942, to 31st July, 1943.....

HEAT BOARD

C. 1803

OPERATIONS

ch, 1942) to 31st July, 1943

Bushels		Amount	
28,366,000-00		\$21,800,796.59	
<u>189,993-40</u>	<u>28,555,993-40</u>	<u>145,666.13</u>	\$21,946,462.72
	<u>28,555,993-40</u>	\$23,489,913.46	
930,000-00			
<u>792,000-00</u>	79,722,000-00	\$66,039,610.00	
<u>79,722,000-00</u>	—	<u>67,704,376.25</u>	
		1,664,766.25	
		<u>259,235.55</u>	
			<u>25,413,915.26</u>
			\$ 3,467,452.54
	\$ 533,568.68		
	<u>703,776.25</u>	\$ 1,237,344.93	
		98,939.19	
		205.72	
		63,720.79	
	\$ 50,528.96		
	<u>26,402.82</u>	<u>76,931.78</u>	<u>1,477,142.41</u>
			<u>\$ 1,990,310.13</u>

THE CANADIAN Flax Division STATEMENT For the period from

Flax acquired:

Delivered or to be delivered at Board fixed prices basis in store Fort William/Port
Arthur or Montreal

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal.....

Futures trades liquidated under authority of P.C. 1800 of 9th March, 1942:

Purchases

Sales

Stocks of flax on hand, valued on the basis of Board fixed prices established
as at 31st July, 1943, basis in store Fort William/Port Arthur or Montreal

Deduct: Provision for stocks to be sold to domestic crushers and pro-
cessors at maximum prices—P.C. 1800

Linseed Oil:

Export sales at contract prices including U.S. exchange:

Completed sales.....

Uncompleted sales

Purchases at cost, including export freight.....

Net proceeds from sales.....

Deficit on cash flax and linseed oil transactions.....

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....

Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Dockage on special shipments via Fort William/Port Arthur.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Brokerage charges.....

Administrative and general expenses to 31st July, 1942.....

Add: Proportion of administrative and general expenses for the year
ended 31st July, 1943.....

Deficit from the operations of the Wheat Board, Flax
Division—P.C. 1800, for the period from 19th March,
1942, to 31st July, 1943.....

HEAT BOARD

C. 1800

OPERATIONS

ch, 1942, to 31st July, 1943

Bushels		Amount	
	<u>13,299,585-42</u>		\$28,471,630.07
	10,372,221-00	\$21,227,613.61	
6,000-00	\$1,830,240.00		
<u>6,000-00</u>	<u>1,830,240.00</u>		
	2,927,364-42	\$6,454,037.28	
		614,389.35	5,839,647.93
	<u>13,299,585-42</u>		

POUNDS

,085,981	\$ 248,938.54		
<u>,160,726</u>	<u>138,203.15</u>		
3,246,707	\$ 387,141.69		
<u>3,246,707</u>	<u>280,305.24</u>	<u>106,836.45</u>	
			<u>27,174,097.99</u>
			\$ 1,297,532.08
	\$ 270,742.87		
	<u>151,727.31</u>	\$ 422,470.18	
		175,287.69	
		34,221.85	
		570.36	
		1,643.23	
		6,202.84	
	\$ 6,316.12		
	<u>34,064.09</u>	<u>40,380.21</u>	<u>680,776.36</u>
			<u>\$ 1,978,308.44</u>

THE CANADIAN 1942 Crop Oats and Barley STATEMENT For the year ended 31st July, 1943

Oats and Barley acquired:

Purchased at prevailing market prices basis in store Fort William/Port Arthur

Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....

Oats and Barley sold:

Completed sales at realized prices basis in store Fort William/Port Arthur.....

Profit on cash grain transactions.....

Oats and Barley futures contracts:

Purchased at prevailing market prices

Exchanged against cash grain sales.....

Futures sales

Profit on futures transactions.....

Surplus on cash grain and futures transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Storage on grain stored in terminal elevators.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Brokerage and Clearing Association charges.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1942 Crop Oats and Barley Account—P.C. 1801, for the year ended 31st July, 1943

HEAT BOARD
 ount — P. C. 1801
 ERATIONS
 July, 1943

Bushels		Amount			Net Total
Oats	Barley	Oats	Barley	Total	
62,645-10	2,261,429-34	\$ 248,460.71	\$ 1,289,948.44	\$ 1,538,409.15	
90,000-00	1,785,000-00	1,524,456.01	1,026,306.74	2,550,762.75	
52,645-10	4,046,429-34	\$ 1,772,916.72	\$ 2,316,255.18	\$ 4,089,171.90	
52,645-10	4,046,429-34	1,777,428.16	2,330,159.11	4,107,587.27	
					\$ 18,415.37
56,000-00	17,448,000-00	\$12,527,866.25	\$10,942,023.75	\$23,469,890.00	
93,000-00	1,476,000-00	1,034,531.25	893,502.50	1,928,033.75	
49,000-00	18,924,000-00	\$13,562,397.50	\$11,835,526.25	\$25,397,923.75	
49,000-00	18,924,000-00	13,803,126.25	11,970,453.75	25,773,580.00	
					375,656.25
					\$394,071.62
				\$ 25,123.22	
				4,276.25	
				\$ 29,399.47	
				131.95	
				27,583.34	
				27,718.58	84,833.34
					\$309,238.28

THE CANADIAN
1942 Crop Soybean
STATEMENT
For the year ended

Soybeans acquired:

Delivered at established prices basis Toronto.....

Soybeans sold:

Completed sales at realized prices basis Toronto rail domestic freight rates.....

Surplus on cash soybeans transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on soybeans stored in country elevators.....

Storage on soybeans stored in terminal elevators.....

Interest and bank charges

Handling, stop-off charges, etc.....

Administrative and general expenses.....

Deficit from the operations of the Wheat Board on 1942 Crop
Soybeans Account—P.C. 2799, for the year ended 31st
July, 1943

EAT BOARD
 ount — P. C. 2799
 ERATIONS
 July, 1943

Bushels

Amount

90,900-05

\$175,080.67

90,900-05175,381.50

\$ 300.83

\$ 186.67

733.75

\$ 920.42

162.63

84.78

5,848.10

7,015.93

\$ 6,715.10



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*Canadian Council
of Wheat Board*

REPORT
of
The Canadian Wheat Board

Crop Year 1943-1944

Report of The Canadian Wheat Board

Crop Year 1943-44

To:

The HONOURABLE JAMES A. MACKINNON,

Minister of Trade and Commerce,

OTTAWA, Canada.

The Annual Report of The Canadian Wheat Board for the crop year 1943-44 reflects significant developments in its major activities and in Canadian grain policy.

While the crop year was eventful throughout, certain developments may be singled out as having a major influence on Board operations. These are the changes in wheat marketing policy announced by the Dominion Government on September 27th, 1943; a temporary grain shortage in the United States and an acute feed shortage in Eastern Canada.

In the field of domestic wheat policy, the suspension of trading on the Winnipeg Wheat Futures market, and the establishing of a new fixed initial price at the close of business on September 27th, 1943 were the outstanding developments of the crop year. This decision on the part of the Dominion Government resulted in the Board's receiving all wheat marketed by producers after September 27th, 1943, and also provided the basis for closing out the 1940-41, 1941-42 and 1942-43 Board Accounts with a surplus for distribution to producers delivering wheat to the Board during the three crop years.

From a marketing standpoint the grain shortage in the United States in 1943-44 resulted in a large export movement of Canadian grain of all kinds. The increase in demand in the United States in 1943-44 was due primarily to increased consumption of grains, particularly in the feeding industry, and for industrial purposes.

In 1943 very poor crops were harvested in Ontario and other sections of Eastern Canada, with the result that large shipments of western feed grains were required in Eastern Canada during 1943-44. During the crop year about 118 million bushels of feed wheat, oats and barley were shipped to Eastern Canada under the Freight Assistance policy. This unprecedented movement of feed grains to Eastern Canada necessitated large shipments by water during the fall months, and also a continuous all-rail movement from the West during the winter months.

While the world supply of wheat was adequate in 1943-44, transportation and shipping placed definite limits upon the volume of wheat which could be moved into export trade from surplus areas. In order to secure an equitable distribution of available supplies among importing countries, and in order to make the most effective

use of inland transportation and ocean shipping, import demand was allocated to exporting countries through the Cereal Committee* of the Combined Food Board functioning in Washington, D.C. Owing to her proximity to the United Kingdom and the United States, the two largest importing markets in 1943-44, Canada was called upon to supply grain to the limit of transportation available. As allocations of Canadian grain were made well in advance of the date of shipment, it was possible to effectively co-ordinate transportation and all other services with the object of securing the largest possible movement of Canadian grain, and its most effective distribution among importing countries. The co-ordination of transportation services and market demand for Canadian grain was supervised by the Emergency Grain Transportation Committee, established in October, 1943 under the Chairmanship of Mr. T. C. Lockwood, Transport Controller. This Committee, representing the railways, the Canadian Shipping Board, the Agricultural Supplies Board, the Department of Trade and Commerce, and The Canadian Wheat Board, rendered outstanding service in the crop year under review.

The progressive increase in demand for Canadian grains during the war, and the sharp increase in demand in 1943-44 are shown in the following table:

*Disappearance of Commercial Stocks of Canadian Grains**

	Wheat	Oats	Barley	Rye	Flax	Total
	(million bushels)					
1939-40	241	40	23	3	1	308
1940-41	273	34	22	4	3	336
1941-42	280	33	26	7	5	351
1942-43	270	92	63	4	9	438
1943-44	428	136	91	9	15	679

* This table includes grain shipped to Eastern Canada and British Columbia under the Freight Assistance policy, but does not include all other farm consumption.

Commercial disappearance of Canadian grain reached a record level of 679 million bushels in 1943-44 as compared with 438 million bushels in 1942-43, and an average of 332 million bushels during the first three crop years following the outbreak of war.

The increased demand for Canadian wheat during 1943-44 resulted in a reduction of year-end stocks from 595 million bushels on July 31st, 1943 to 355 million bushels on July 31st, 1944. Demand for oats, barley, rye and flaxseed was sufficient to take care of the large deliveries made by producers.

At the start of the crop year, empty storage space in country elevators for grain deliveries did not exceed 10 million bushels. As a result, delivery quotas could only be increased as transportation was provided, and consequently, country elevator congestion was a serious problem during the first half of the crop year and persisted in some areas throughout the whole of the crop year.

* The Cereal Committee, under the Chairmanship of Geo. McIvor, Chief Commissioner of The Canadian Wheat Board, consists of representatives of Canada, the United States, the United Kingdom and Australia.

1943-44 GRAIN AND OILSEED PROGRAMME

During the crop year 1943-44, The Canadian Wheat Board administered the following grain and oilseed programme and other wartime activities on behalf of the Dominion Government.

(1) *Wheat—The Fixed Initial Price*

The crop year commenced with a fixed initial wheat price of 90¢ per bushel basis No. 1 Northern in store at Fort William/Port Arthur or Vancouver, as provided by The Canadian Wheat Board Act.

On September 27th the Dominion Government announced an important change in wheat policy. The new policy involved the following actions:

- (1) The discontinuance of trading in wheat futures on the Winnipeg Grain Exchange;
- (2) The acquisition by the Board, on behalf of the Dominion Government, of all stocks of unsold cash wheat in Canada on the basis of the closing prices on September 27th, 1943;
- (3) The raising of the fixed initial price from 90¢ per bushel to \$1.25 per bushel for No. 1 Northern wheat basis in store Fort William/Port Arthur or Vancouver;
- (4) The closing out of the 1940-41, 1941-42 and 1942-43 Wheat Board Crop Accounts on the basis of closing market prices on September 27th, 1943;
- (5) The use of Government-owned wheat (Items 2 and 4 above) to meet requirements under Mutual Aid and to provide wheat for subsidized domestic purchasers.

The foregoing were the main features of the revised wheat programme announced by the Dominion Government on September 27th, 1943; a programme which was made effective until July 31st, 1945. The new wheat policy was set forth in detail under Order in Council P.C. 7942 dated October 12th, 1943.

(2) *Wheat—Limitation of Marketings*

Under Order in Council P.C. 3135 dated April 16th, 1943 deliveries of wheat in the West were limited to 14 bushels per authorized acre for the crop year 1943-44. On February 3rd, 1944 Order in Council P.C. 680 increased the maximum delivery quota to 18 bushels per authorized acre. Owing to the enlarged demand for Canadian wheat, the over-all limitation on wheat marketings for 1943-44 was removed by Order in Council P.C. 4130 dated June 1st, 1944.

(3) Barley—Minimum and Maximum Prices

The barley programme established for 1942-43 was carried on in 1943-44. Under this programme The Canadian Wheat Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in Western Canada would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 1 Canada Western 2 Row or 6 Row Barley, or No. 2 Canada Western 2 Row or 6 Row - 60¢ per bushel; No. 3 Canada Western - 58¢ per bushel; or No. 1 Feed - 56¢ per bushel.

The maximum price of barley is 64 $\frac{3}{4}$ ¢ per bushel basis in store Fort William/Port Arthur.

(4) Oats—Minimum and Maximum Prices

The 1942-43 oats programme was continued for 1943-44. Under this programme The Canadian Wheat Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered the following prices per bushel basis in store Fort William/Port Arthur: No. 2 Canada Western Oats - 45¢ per bushel; Extra No. 3 Canada Western, No. 3 Canada Western, or Extra No. 1 Feed - 42¢ per bushel, or No. 1 Feed - 40¢ per bushel.

The maximum price of oats is 51 $\frac{1}{2}$ ¢ per bushel basis in store Fort William/Port Arthur.

(5) Flax—Fixed Prices

For the crop year 1943-44 The Canadian Wheat Board was designated as the only agency to receive commercial flaxseed from producers in Canada. Under Order in Council P.C. 7325, dated September 21st, 1943, The Canadian Wheat Board was empowered to buy flaxseed at \$2.50 per bushel for No. 1 Canada Western Flaxseed basis in store Fort William/Port Arthur or Vancouver, and the Grade No. 1 Canada Eastern Flaxseed in store Montreal.

(6) Soybeans—Guaranteed Prices

Under provision of Order in Council P.C. 4010 dated May 18th, 1943 The Canadian Wheat Board was empowered to buy No. 1 Canada Soybeans at \$1.96 per bushel basis delivered at Toronto, Winnipeg or Vancouver, and \$1.95 per bushel for No. 2 Canada Soybeans basis delivered at Toronto, Winnipeg or Vancouver, with proper differentials for other grades.

(7) Sunflower Seed and Rapeseed—Guaranteed Prices

Under Order in Council P.C. 2894 dated April 9th, 1943 the Board was empowered to buy sunflower seed and rapeseed from producers on the basis of 5¢ per pound and 6¢ per pound respectively, for top grades f.o.b. shipping points designated by the Board. The Order in Council provided that sunflower seed and rapeseed so purchased should be in a reasonably clean condition and with a moisture content not exceeding limits to be established by the Board.

(8) Drawback on Wheat Products

Under Order in Council P.C. 6602 dated August 19th, 1943 The Canadian Wheat Board was charged with the administration of drawbacks paid in respect to flour, and other human foods containing wheat, sold and delivered in Canada between August 1st, 1943 and July 31st, 1944.

(9) Price Ceilings on Grains

The Board continued to act as administrator of ceiling prices on whole grains on behalf of the Wartime Prices and Trade Board.

(10) Equalization Funds

Under provisions of Order in Council P.C. 4450 dated June 1st, 1943 the Board continued to administer the Barley Equalization Fund and the Oats Equalization Fund. On September 27th, 1943 the Minister of Trade and Commerce announced that the Dominion Government would guarantee the Equalization Funds to the extent of 10¢ per bushel on oats and 15¢ per bushel on barley; the guaranteed payments to be made to producers at the time of delivery. These payments were known as Advance Equalization Payments. Provision was also made, subject to strict regulation, for advance equalization payments to producers in connection with farm-to-feeder sales. The new policy was made retroactive to August 1st, 1943 and was confirmed in Order in Council P.C. 8898 dated November 18th, 1943.

DEVELOPMENT OF THE 1943 CROP

(a) Acreages

The Canadian wheat acreage in 1943 fell to the lowest level since 1918. The area sown to wheat in Canada in 1943 was 16,849,700 acres compared with 21,586,000 acres in 1942 - a reduction of 4,736,800 acres. In the prairie provinces the wheat acreage declined from 20,653,000 acres in 1942 to 16,091,000 acres in 1943. The expansion in acreages in other field crops continued in 1943. The acreage sown to oats, barley and flaxseed in 1943 exceeded 1942 acreages by almost 5 million acres. The area sown to flaxseed in 1943 was double the 1942 acreage.

(b) Growing Conditions

A cool, wet spring delayed seeding throughout the West, but crops made fairly good progress until the effects of drouth became evident in Western Saskatchewan and Southern Alberta. The effect of unfavourable growing conditions over large areas in the West, and greatly reduced acreage, was to reduce the production of wheat to the lowest level since 1937. Since feed grain acreages were mainly located in the Eastern and Northern areas of the prairie provinces, production of oats and barley was not affected to the same extent as wheat production. With larger seeded acreages and substantial farm carryovers on July 31st, 1943, feed grain supplies were adequate except in low-yield areas.

The following table shows grain production in Canada and in the prairie provinces in 1941, 1942 and 1943:

	All Canada			Prairie Provinces		
	1941	1942	1943	1941	1942	1943
	(million bushels)			(million bushels)		
Wheat.....	315	556	284	296	529	268
Oats.....	306	652	482	178	500	392
Barley.....	111	259	216	95	241	204
Rye.....	12	25	7	10	23	6
Flax.....	6	15	18	6	15	18
Total.....	750	1,507	1,007	585	1,308	888

The reduction of nearly 500 million bushels in total grain production occurred in 1943 as compared with 1942, but was largely offset by larger carryovers on July 31st, 1943.

(c) Total Supplies

Carryovers of all grains on July 31st, 1943 reached the highest point in our history. Large farm stocks of feed grains served to offset lower production in 1943, so that there was available for domestic and export purposes, approximately the same volume of feed grains as in the previous crop year. The smaller output of wheat, despite a sharp increase in the inward carryover, reduced total supplies for 1943-44 as compared with 1942-43 by nearly 100 million bushels, or to slightly less than 900 million bushels.

Total Supplies of Grain—Canada

	Wheat		Oats		Barley		Rye		Flaxseed	
	1942-3	1943-4	1942-3	1943-4	1942-3	1943-4	1942-3	1943-4	1942-3	1943-4
	(million bushels)									
Carryover										
July 31st..	424	594	29	149	11	69	3	15	1	4
Production..	556	284	622	482	259	216	25	7	15	18
Total.....	980	878	651	631	270	285	28	22	16	22

(d) Available Storage

On July 31st, 1943 the visible supply of grain and flaxseed in Canada amounted to 453 million bushels and filled the greater part of Canadian grain storage capacity. Excluding working space, available empty storage in Canada at the start of 1943-44 amounted to about 130 million bushels, largely at the Lakehead or in Eastern Canada. Of the stocks of grain in store in Canada on July 31st, 1943, a total of 256 million bushels was in country elevators and temporary annexes at country points. After allowing for working space, there was only about 10 million bushels of storage space available at country points on July 31st, 1943. Under the circumstances, 1943-44 deliveries could only be made as and to the extent that transportation was available to move grain out of country elevators. The seasonal distribution of marketings in various areas throughout the prairie provinces during 1943-44 was a direct reflection of transportation provided.

MARKETINGS, EXPORTS AND BOARD RECEIPTS

WHEAT

(a) Marketings and Board Receipts

Four important factors contributed to the relatively slow marketing of wheat during the crop year 1943-44. These were:

- (1) General congestion of country elevator space on August 1st, 1943;
- (2) The large volume of wheat to be marketed;
- (3) The large volume of feed grains and flaxseed to be marketed;
- (4) The dependence of marketings upon space released by shipments out of country elevators.

For these reasons marketings were spread over the twelve months of the crop year with an unusual volume in the last six months of the crop year. From August 1st, 1943 to July 31st, 1944 marketings of all grains amounted to 570 million bushels through storage space released by the shipment of 653 million bushels of grain out of country elevators.

During the crop year 1943-44 wheat marketings amounted to 325 million bushels which includes about 5 million bushels marketed under extensions of 1942-43 permits. About 320 million bushels of wheat were marketed under 1943-44 delivery quotas. Board receipts for 1943-44 amounted to 293.4 million bushels, or 91 per cent of total 1943-44 marketings. The following table shows deliveries to the Board by months, for 1943-44:

Board Receipts

	Bushels
August, 1943.....	—
September.....	27,730-25
October.....	9,920,001-25
November.....	42,896,507-00
December.....	27,797,596-45
January, 1944.....	25,835,411-00
February.....	27,270,644-25
March.....	27,175,440-40
April.....	23,945,828-00
May.....	14,478,142-40
June.....	33,261,180-55
July.....	60,757,760-15
Total.....	<u>293,366,243-30</u>

From August 1st to September 27th, practically all deliveries were outside the Board because prices on the open market were much higher than the Board's fixed initial price at that time. With the change in wheat policy announced on September 27th, 1943 all deliveries for the balance of the crop year were for the account of the Board.

The steady and relatively heavy marketings in the winter months are shown in the foregoing table. It will be noted that over 94 million bushels of wheat were delivered to the Board in the last two months of the crop year.

(b) Exports

Overseas clearances and United States imports of Canadian wheat amounted to 283,165,650 bushels as compared with 154,929,217 bushels in 1942-43. Exports of flour continued at a high level, amounting to 13,464,371 barrels, or the equivalent of 60,589,670 bushels of wheat. Total exports of wheat and flour for the crop year 1943-44 amounted to 343,755,320 bushels as compared with 211,517,686 bushels in 1942-43. The increase in wheat exports is largely accounted for by United States imports for feed purposes during the latter half of the crop year. The United Kingdom continued to be the main overseas purchaser of Canadian wheat.

(c) Western Prices

The crop year commenced with a fixed initial price of 90¢ per bushel for No. 1 Northern wheat basis in store Fort William/Port Arthur or Vancouver, as provided by The Canadian Wheat Board Act. Provision for other grades of wheat was established on August 17th, 1943 under Order in Council P.C. 6568. With the change in wheat policy on September 27th, 1943, a fixed initial price of \$1.25 per bushel for No. 1 Northern wheat basis in store Fort William/Port Arthur or Vancouver was announced, and confirmed by Order in Council P.C. 7942 dated October 12th, 1943. Revised Board prices for all other grades of wheat were established on October 14th, 1943 under Order in Council P.C. 7997.

(d) Eastern Division

Under Order in Council P.C. 5114 dated June 24th, 1943 the Board was empowered to purchase No. 1 grades of Ontario winter wheat at 90¢ per bushel basis export rail freights to Montreal, but with the proviso that this fixed initial price should only become effective in the event that the market price for No. 1 grades of Ontario wheat at country points fell below a price of 95¢ per bushel basis export rail freights to Montreal. Fixed initial prices for other grades of wheat were established on June 24th, under Order in Council P.C. 5113.

As prices for Ontario wheat remained at ceiling levels throughout 1943-44 no deliveries were made to the Board and there are no operations to be recorded during the crop year 1943-44.

OATS

(a) Minimum Prices

Order in Council P.C. 4450 dated June 1st, 1943 empowered the Board to maintain minimum prices for oats through purchases of either futures or cash oats. During the crop year 1943-44 oats prices remained at ceiling levels and consequently the Board was not required to take price-supporting action.

(b) Exports

During the crop year 65 million bushels of oats were exported to the United States as compared with 59 million bushels for the previous crop year. During the crop year over 50 million bushels of oats were shipped to Eastern Canada for feed, under the Freight Assistance policy.

BARLEY

(a) Minimum Prices

Pursuant to Order in Council P.C. 4450 dated June 1st, 1943 the Board was empowered to maintain minimum prices for barley during 1943-44. As Barley prices remained at ceiling levels throughout the crop year it was not necessary for the Board to support the price of barley.

(b) Exports

During the crop year 1943-44, 33 million bushels of barley were exported to the United States as compared with 34 million bushels in 1942-43. Barley exports to the United States were largely of types suitable for malting in that country. With 38 million bushels of barley shipped to Eastern Canada for feed, under the Freight Assistance policy, the supply of barley available for export markets was limited.

FLAXSEED

The Board commenced the crop year 1943-44 with 2,927,364 bushels of flaxseed taken over and acquired under Order in Council P.C. 1800, dated March 9th, 1942. Adjustments in country and terminal elevator stocks increased this quantity to 2,967,063 bushels, which were marketed during the crop year; 1,545,545 bushels of which were sold for export at an average per bushel price of \$3.0308. Due to these favourable sales, the final result of the operations shows an improvement of approximately \$1,250,000.00 over the figure shown last year.

During the crop year the Board took delivery from producers and others of 14,305,251 bushels under authority of Order in Council P.C. 7325, dated September 21st, 1943, and took over 3,115 bushels of 1942 crop flaxseed to enable the operations of that Crop Account to be finalized.

Total sales during the crop year amounted to 11,716,023 bushels, leaving 2,592,344 bushels on hand at July 31st, 1944. A total of 3,414,446 bushels were sold in the domestic market and 8,301,577 bushels were sold for export. The average price received for flax sold for export was \$3.09787 per bushel basis No. 1 C.W. Flaxseed in store Fort William/Port Arthur.

The surplus realized from export sales of flax more than offset the difference between the price paid to producers and sales made at maximum prices* in the domestic market, and as a result, the 1943 crop account showed a surplus of \$1,156,510.56 as at July 31st, 1944.

* Under Order in Council P.C. 7325 dated September 21st, 1943, the Board was required to sell flaxseed on the domestic market at \$1.64 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur.

SOYBEANS

A small quantity of soybeans was handled by the Board in the Eastern and Western Divisions. As these soybeans were sold at the purchase price, a small loss resulted from operations in the form of carrying charges and administrative expenses.

SUNFLOWER SEED AND RAPESEED

During the crop year the Board purchased from producers basis the guaranteed prices, a total of 4,554,465 pounds of sunflower seed and 981,476 pounds of rapeseed. In accordance with arrangements with the Vegetable Oils Controller, Board purchases were re-sold at the purchase price, the Board assuming carrying charges, all transportation costs of the delivery to the Board, and costs involved in maintaining its holdings in proper condition until final distribution was made. A deficit of \$90,589.38 was incurred by the Board in handling sunflower seed and rapeseed in 1943-44. This deficit is chargeable to the War Appropriations Act.

In connection with the handling of sunflower seed and rapeseed, the Board points out that grain marketing facilities are not adapted to the handling of these crops, especially when it was not possible to move these oilseeds promptly to crushing plants. Sunflower seeds had to be carried for many months, and difficulty was experienced in maintaining the condition of stored stocks.

In handling the 1943 sunflower seed crop, the Board applied for, and received, a reduced railway tariff on shipments to Eastern Canada, the reduction amounting to about 30 per cent.

ORDER IN COUNCIL P.C. 7942

The main provisions of Order in Council P.C. 7942 dated October 12th, 1943 have been previously outlined. The powers vested in the Board under this Order in Council were extraordinary. In addition to taking over all unsold commercial wheat in Canada, the Board became the sole marketing agency to receive wheat from producers until July 31st, 1945. The sudden enlargement of the activities of the Board placed a very great strain upon the organization as a whole, and particularly upon its accounting staff. The extent of the internal problems confronting the Board can only be appreciated by an examination of the relevant statements appended to this Report and the explanations given in this and subsequent Annual Reports of the Board.

The Order in Council provided for the closing out of the 1940-41, 1941-42 and 1942-43 Board Accounts. When final accounting and auditing of these three Board accounts were completed, a combined surplus of \$61,080,046.97 was made available as payments to producers holding 1940-41, 1941-42 and 1942-43 participation certificates.

EQUALIZATION FUNDS

In 1943-44 the Equalization Funds operated for the entire crop year. In examining the results attained during 1943-44 it is necessary to bear in mind the basic condition under which the Funds operated; namely, an acute feed shortage in Eastern Canada and in the United States. Available supplies of feed grain had, therefore, to be distributed between the domestic market where maximum prices prevailed, and the export market where equalization fees were collectible.

The export market absorbed slightly more than one-half of the commercial supplies of oats available during 1943-44. In the case of barley, the domestic market absorbed well over one-half of commercial supplies, owing to a heavy demand for feedstuffs.

Equalization fees levied on oats exports exceeded advance equalization payments made to producers, and the Oats Equalization Fund showed a surplus of \$8,806,338.51 as at July 31st, 1944. This surplus will be distributed to producers who received advance payments from the Oats Equalization Fund. In the case of barley, advance equalization payments made to producers exceeded the proceeds of equalization fees assessed on exports. Consequently, the Barley Equalization Fund showed a deficit of \$2,063,257.35 as at July 31st, 1944, and there will be no further payment from the Barley Equalization Fund on 1943-44 marketings.

The Oats Equalization Fund and the Barley Equalization Fund are two separate and distinct Funds. The deficit in the Barley Equalization Fund will be absorbed by the Dominion Government and will not affect the distribution of the surplus in the Oats Equalization Fund. The deficit in the Barley Equalization Fund is accounted for by the fact that advance equalization payments of 15¢ per bushel were made on 83.0 million bushels of barley, while equalization fees were collected on 27.9 million bushels of barley exported.

EQUALIZATION FEES

The following table shows the monthly range of Equalization Fees established by the Board during 1943-44:

Monthly Range of Equalization Fees

	Oats		Barley	
	Eastern Ports of Exit	Western Ports of Exit	Eastern Ports of Exit	Western Ports of Exit
	(cents per bushel)			
August, 1943.....	19-26	13-20	33-37	29-33
September.....	26-36	20-30	36-48	32-44
October.....	36-38	30-32	48-50	44-46
November.....	38-38	32-32	45-50	41-46
December.....	38-38	32-32	45-45	41-41
January, 1944.....	38-41	32-35	45-45	41-41
February.....	41-41	35-35	45-45	41-41
March.....	41-47	35-41	45-50	41-46
April.....	45-47	38-41	50-50	46-46
May.....	45-47	38-47	50-50	46-50
June.....	47-47	47-47	50-50	50-50
July.....	33-47	33-47	49-65	46-54

Equalization fees increased sharply during the fall months in response to price increases in United States markets. Equalization fees remained relatively stable during the winter months, and increased sharply late in March, followed by a decline in the latter part of July. Equalization fees established on exports routed via Eastern ports of exit were generally higher than those established on exports through Western ports of exit; this being a reflection of the higher prices available in Eastern United States as compared with middle Western United States.

It should be pointed out that while equalizations fees were established daily, the Equalization Fund only benefited to the extent that export permits were actually issued. If no export permits were issued the equalization fee was nominal. Throughout 1943-44 transportation and availability of supplies were limiting factors in the volume of export sales of oats and barley. For example, in the last quarter of the crop year, the issuing of barley export permits was severely curtailed in order to provide adequate stocks for Eastern feed requirements. During this period Barley Equalization Fees were at their highest level during the crop year, but supplies were not available for export and consequently there was little revenue for the Equalization Fund.

Advance equalization payments were made to producers in connection with farm-to-farm or farm-to-feeder transactions to the extent of \$824,182.30 on oats and \$1,116,562.57 on barley. These advance payments were made in accordance with Order in Council P.C. 8898 dated November 18th, 1943, and regulations thereunder. In the administration of advance payments in connection with farm-to-farm or farm-to-feeder transactions, the Board encountered many administrative difficulties. The Board endeavoured, however, to enforce the established regulations as carefully as possible because, as indicated above, advance payments in respect to farm-to-farm or farm-to-feeder transactions came out of the Equalization Funds, and consequently affected the equity of marketers of oats and barley in these Funds.

DELIVERY QUOTAS

As previously pointed out, the crop year 1943-44 commenced with general congestion in country elevators. It was inevitable, therefore, that very low delivery quotas would have to be established in the initial stages of the marketing season. On August 16th, 1943 the Board established the first delivery quotas for 1943-44 deliveries. The wheat delivery quota was set at 3 bushels per authorized acre, the oats and barley quotas at 5 bushels per seeded acre, and the rye quota at 3 bushels per seeded acre. As in previous years, delivery quotas were not established for flaxseed. Where local storage permitted, wheat delivery quotas were increased above the general quota of 3 bushels per authorized acre. By the end of October about one-half the delivery points in the West were still on a 3-bushel quota, and the balance of delivery points were on a 5-bushel or 7-bushel delivery quota. The particularly heavy shipments out of country elevators during November permitted a general adjustment in wheat

delivery quotas. Late in November, 269 delivery points remained on a 3-bushel basis, over 1,100 delivery points had quotas of 5 bushels or 7 bushels per authorized acre, and over 700 delivery points had quotas of 10 bushels or 14 bushels per authorized acre. The emergency shipping programme in November had the effect of drawing heavily upon stocks in Manitoba and Eastern Saskatchewan, and by the close of navigation country elevator congestion was most pronounced in Western Saskatchewan and in Alberta. Owing to the necessity of large shipments of feed grains to Eastern Canada and the United States during the winter months, the general quota on oats and barley was increased to 10 bushels per seeded acre on December 8th, 1943.

During the winter months the storage position in Manitoba and Southern Saskatchewan was greatly improved by wheat shipments to the United States, in railway cars provided by that country. This movement was particularly helpful in Southern Saskatchewan where space was urgently needed in the high-yield areas. The car supply was generally better in the winter of 1943-44 than in the previous year, and during the winter months it was possible to gradually increase delivery quotas as space appeared. On February 5th, 1944 the Dominion Government announced that the maximum wheat delivery quota for 1943-44 had been raised from 14 bushels per authorized acre to 18 bushels per authorized acre. At that time it was decided not to increase delivery quotas beyond 14 bushels per authorized acre until a general 10-bushel quota was in effect. By the end of February, 1944, delivery quotas at two-thirds of the delivery points in the West had been increased to 14 bushels per authorized acre; at that time about 400 delivery points remained with a 10-bushel delivery quota, and less than 100 had delivery quotas of 7 bushels per authorized acre, or less.

On March 23rd, 1944 the general quota on oats, barley and rye was increased to 15 bushels per seeded acre. By March 31st, 1944 over 1,700 delivery points had wheat delivery quotas of 18 bushels per authorized acre, with the balance on a 14-bushel or 10-bushel basis. On April 16th, 1944 the general quota on oats was increased to 20 bushels per seeded acre, and quota restrictions on the marketing of barley and rye were removed. Three days later quota restrictions on oats deliveries were removed entirely. At the end of April all delivery points in the West had a wheat quota of 18 bushels per authorized acre. In accordance with Order in Council P.C. 4130 dated June 1st, 1944 open wheat delivery quotas were established, effective on the same date.

The storage situation in country elevators remained tight until the end of February, 1944. In March, space available for deliveries in country elevators began to increase, and by the end of March there was about 30 million bushels of empty space in country elevators, over and above necessary working space. By the end of April, available space increased to about 50 million bushels, and the general country position became much easier in May, June and July. By July 31st there was about 110 million bushels of empty space in country elevators after providing for 50 million bushels of working space.

While country elevator space in the West improved greatly in the last quarter of the crop year, there still remained areas where congestion was prevalent and where transportation was urgently needed to take care of delivery quotas established. Even in the last two months of the crop year, transportation was urgently needed in some areas. By the end of July, 1944 some producers had not completed deliveries under 1943-44 quotas, owing to congestion in country elevators or other causes such as wet weather or bad roads. Wherever this situation existed delivery quotas for 1943-44 were extended to August 15th, but only a few requests were received for extensions beyond that date.

Under delivery quotas established in 1943-44 about 570 million bushels of grain passed from farms to country elevators, and in addition, country elevator space available for deliveries was increased by about 100 million bushels between August 1st, 1943 and August 1st, 1944, thereby easing the country storage problem for 1944-45.

The crop year 1943-44 was a most difficult year from the standpoint of administration of delivery quotas, and, as in previous years, producers co-operated generously in making the quota system work effectively.

TRANSPORTATION

(a) General

Early in 1943-44 it was apparent that the transportation problem consisted of two main elements. These were:

- (1) The urgency of securing a substantial increase in transportation available for the movement of grain in order to keep pace with the increased demand for Western grains, especially in view of the fact that the bulk of 1943-44 grain supplies was in country elevators or on farms;
- (2) The necessity of controlling car loadings in order that a broad demand for wheat, oats, barley and flax could be met, and that shipments of each grain to terminal markets be made in proper relationship to current demand.

The first of these considerations could only be met by the railways in terms of a greatly increased allocation of transportation to the grain movement as compared with the previous crop year. The second consideration depended upon Board control over car loadings at country points.

The physical problem of providing adequate transportation in 1943-44 received the prompt attention of the Transport Controller and the railroads. During the period from August 1st, 1943 to December 31st, 1943 the railways loaded 134,000 cars as compared with 73,000 cars loaded during the same period in 1942-43. This rate of increase in car loadings, as compared with the previous crop year, continued throughout 1943-44. In the twelve-month period from August 1st, 1943 to July 31st, 1944 the railways loaded 351,632 cars of grain at country points as compared with 193,609 cars during the

crop year 1942-43; an increase of 82 per cent. It was this shipping record on the part of the railways which provided the basis of the record commercial disappearance of demand grains in 1943-44 and which, at the same time, created over 100 million bushels in available country elevator space within the crop year.

The record of car loadings by months in 1943-44, along with comparative figures for 1942-43, is shown in the following table:

	1943-44			1942-43		
	Wheat	Other Grains (cars)	Total	Wheat	Other Grains (cars)	Total
August, 1943.....	11,602	12,198	23,800	8,948	1,715	10,663
September.....	14,005	11,927	25,932	6,375	5,320	11,695
October.....	15,221	11,474	26,695	2,719	16,935	19,654
November.....	26,053	7,291	33,344	8,180	8,782	16,962
December.....	10,238	14,056	24,294	9,175	5,065	14,240
January, 1944.....	12,701	8,255	20,956	5,436	5,197	10,633
February.....	19,663	4,017	23,680	4,419	5,264	9,683
March.....	20,460	7,585	28,045	5,051	6,262	11,313
April.....	21,521	13,038	34,559	6,693	12,174	18,867
May.....	28,692	11,072	39,764	15,629	5,461	21,090
June.....	28,124	6,985	35,109	17,755	10,355	28,110
July.....	27,563	7,882	35,445	10,585	10,114	20,699
Total.....	235,843	115,780	351,623	100,965	92,644	193,609

Within the framework of the increased volume of transportation for the grain movement in 1943-44 several acute problems arose. In spite of the heavy car loadings in the early fall months, a crisis arose at the Lakehead in the five weeks preceding the close of navigation. After loading about 75,000 cars in the three-month period August to October, inclusive, it became apparent that there would not be sufficient grain at the Lakehead to meet the requirements of lake vessels expected prior to the close of navigation, unless a further increase was secured in car loadings. Under direction of the Transport Controller an emergency grain-shipping programme originated late in October, and in the ensuing five weeks country loadings of grain were substantially increased. In November over 33,000 cars were loaded at country points, and as a result, requirements of lake vessels were met almost in entirety. At the close of navigation only about 9 million bushels of wheat remained in terminal elevators at the Lakehead.

With a considerable volume of transportation required for the all-rail movement of feed grains to Eastern Canada from the Lakehead, and direct from shipping points in the West, very slow progress was made in replacing Lakehead stocks. By the end of February less than 50 million bushels of wheat, oats and barley were in store at the Lakehead, with substantial quantities moving out for feed purposes in Eastern Canada. With a minimum of 80 million bushels of grain required at the Lakehead for the opening of navigation, increased car loadings were again required during the month of April, when over 34,000 cars were loaded at country points. During May, June and July lake shipments were exceedingly heavy, and during these three months wheat stocks at the Lakehead remained at relatively low levels and did not exceed 30 million bushels at any time. In order

to maintain the current loading of lake vessels, over 110,000 cars were loaded in the country in the final three months of the crop year, representing a movement of over 200 million bushels. In spite of the heavy car loadings throughout the crop year, and during the last three months of the crop year, Lakehead stocks of all grains were at relatively low levels at July 31st, 1944.

During the crop year 20,700 cars were loaded in the West for direct shipment to Eastern Canada, and 23,700 cars were loaded at the Lakehead for Eastern destinations.

During the winter months the transportation position was assisted by cars supplied by United States railways to convey feed supplies to United States markets.

The part which the railways played in the movement of grain in 1943-44 was supplemented by a record movement from the Lakehead. In 1943-44 lake and rail shipments from the Lakehead amounted to 452 million bushels as compared with 307 million bushels in 1942-43, and 374 million bushels in the previous record year of 1928-29. In 1943-44, 407 million bushels of grain were shipped from the Lakehead by water.

(b) Control of Car Loadings

During the greater part of the crop year, it was necessary for the Board to control car loadings between various grains at country points. As pointed out previously, there was an exceptional demand for all types of grain throughout the crop year and, consequently, it was necessary to maintain car loadings at country points in proper relationship to the over-all demand. Within the crop year it was necessary from time to time to preference the shipment of feed grains to meet emergency demands, and at other times, most cars had to be used for the movement of wheat. In regulating the kind of grain loaded at country points the Board also had to take into consideration the several channels through which Western grain moved to domestic or export markets. In addition to the normal routing of grain via the Lakehead and the Great Lakes, or via the Pacific Coast, a large all-rail movement from the Lakehead to Eastern Canada, and from country points in the West to Eastern Canada, and from country points in the West to United States destinations, had to be provided for during the season of closed navigation. Each of these channels of distribution required fairly definite quantities of wheat and coarse grains which had to be reflected in country loadings at country points.

(c) Car Distribution

The Board exercised control of car distribution from August 1st, 1943 to May 5th, 1944. As a result of experience in 1942-43, the problem of the distribution of cars between elevator companies was carefully reviewed by the Board in July, 1943. On August 13th, 1943 the Board outlined to the representatives of the various grain handling organizations, a proposed car cycle policy based on the percentage of receipts of all grains of each elevator at each delivery

point during the crop years 1938-39 and 1939-40. Certain objections to the Board's proposal were raised and the Board agreed to give further consideration to the details of its proposal. After examining the suggested basis in detail, and after giving consideration to all representations which were made, the Board advised elevator companies that a new car cycle, based upon the percentage of gross primary receipts of all grains by each elevator during the 1938-39 and 1939-40 crop seasons combined, would become effective as from October 23rd, 1943. At delivery points where exceptional conditions existed in the two basic years, the Board agreed to defer the new car cycle until each local situation could be appraised.

The revised basis continued in effect in Manitoba until April 25th, 1944 and in Saskatchewan and Alberta until May 3rd, 1944, when all Board restrictions covering the shipment of grain and car distribution were removed. From April 26th, 1944 in Manitoba, and from May 5th, 1944 in Saskatchewan and Alberta, the allocation of cars was returned to the railway companies in accordance with the terms of The Canada Grain Act, except for certain remaining shipments of wheat and oats purchased for direct shipment to the United States in cars supplied by United States railways.

When the Board assumed responsibility for car distribution, it did so reluctantly and on the understanding that as soon as conditions permitted, car distribution would be made in the normal way under provisions of The Canada Grain Act. The Board felt that that time had arrived in late April, 1944 and acted accordingly.

SPECIAL AUTHORIZATIONS

(a) Malting Barley

Throughout 1943-44 there was a keen demand for barley for malting. On August 13th, 1943 the Board authorized producers to ship one carlot of malting barley over and above the delivery quota effective at their delivery point, provided, a sample of the said barley had been accepted by a malting company or shipper. On April 3rd, 1944 this privilege was extended to two carlots.

(b) Feed Grains

On October 1st, 1943 permission was granted to producers to deliver and ship one car of feed grains over the effective quota at their delivery point, provided such shipment was made to a producer in Eastern Canada for feeding purposes. On December 3rd, 1943, the Board authorized deliveries over and above effective delivery quotas of oats and barley consigned to seed houses for cleaning and processing to commercial seed standards.

(c) Damp Grain

On December 3rd, 1943 the Board relaxed restrictions with regard to deliveries of damp wheat, oats, barley and rye.

(d) Oats

In order to encourage producers to keep adequate stocks of oats on farms until the extent of their 1944 production was known, the Board provided that producers might hold over delivery of 500 bushels of oats or barley deliverable in 1943-44 until 1944-45, if the proper application were made.

(e) Producers Who Have Ceased Farming

Under Order in Council P.C. 1722, dated March 16th, 1944 arrangements were made to facilitate the delivery of wheat held by producers who had ceased farming.

(f) Non-Producers' Wheat

During the period of controlled marketing, municipalities and other creditors had accumulated stocks of wheat which they could not dispose of as they were not producers under The Canadian Wheat Board Act, 1935. Since restrictions on the delivery of wheat were removed on June 1st, 1944, and since delivery quotas were opened on other grains, non-producers were given the right to deliver wheat at the fixed initial price of \$1.25 per bushel, but no participation certificates were issued thereon.

PACIFIC COAST

Owing to the demand for wheat for feeding purposes in the Pacific Coast areas of the United States, the grain movement in and out of the Pacific Coast was very much larger than in immediately preceding years. Unloads of wheat at Pacific Coast ports amounted to 21,159,459 bushels; shipments amounted to 24,457,240 bushels, and Board sales amounted to 22,447,229 bushels, as compared with 3,509,812 bushels in 1942-43.

CHURCHILL

Shipments and sales out of Churchill in 1943-44 amounted to 724,590 bushels. Shipments out of Churchill were made on United States supply ships returning to United States destinations.

LONDON OFFICE

Mr. R. V. Biddulph, European Commissioner, continued to render valuable service to the Board during the year under review. Mr. Biddulph continued his liaison work between the Board and the Imported Cereals Division of the United Kingdom Ministry of Food, and acted as the Board's agent in transactions with the United Kingdom Treasury. He also kept the Board fully informed in respect to the important changes which took place in the international wheat position during the year 1943-44.

ADVISORY COMMITTEE

The Advisory Committee continued to render assistance to the Board and to the Dominion Government during the crop year 1943-44. In the course of five meetings held during the year, the Advisory Committee gave consideration to a wide range of marketing problems. Members of the Advisory Committee during 1943-44 were: Messrs. Lew Hutchinson (Chairman), Duhamel, Alberta; R. C. Brown, Pilot Mound, Manitoba; D. A. Campbell, Montreal; F. H. Clendenning, Vancouver; P. Farnalls, Halkirk, Alberta; J. Theo Roy, Montreal; J. A. McCowan, Summerberry, Saskatchewan; F. Pettypiece, Auld, Ontario; R. C. Reece, Winnipeg; A. C. Reid, Winnipeg, and J. H. Wesson, Regina, Saskatchewan.

LEGAL DEPARTMENT

The increased activities of the Board and changes in marketing policy created a substantial increase in the work of the Legal Department.

Securing the enforcement of Board regulations continued to be an important activity of the Legal Department. During the year 290 prosecutions were instituted and 289 convictions were obtained. Most of the prosecutions resulted from over-deliveries of grain and infringement of regulations governing farm-to-feeder transactions.

During the year the Legal Department dealt with 4,721 estates affected by Board regulations covering the delivery of grain.

STAFF CHANGES

In June 1943, Mr. W. C. McNamara, Supervisor of Transportation, was appointed the Board's representative in Washington, D.C. Large sales of Canadian grain to the United States, and the concentration of wartime activities in connection with grains in Washington, D.C., made it advisable for the Board to have a representative in that city. In addition to representing the Board, Mr. McNamara represented Canada on the Cereal Committee of the Combined Food Board, and assisted in the work of that Committee.

Mr. R. M. Mahoney assumed the transportation duties of the Board in addition to his work as Supervisor of Delivery Quotas.

It is with deepest regret that the Board records the death on January 5th, 1945 of Mr. Alex. Yates, formerly Manager, Country Operations Department, and later Executive Assistant to the Board.

THE CANADIAN WHEAT BOARD

In December 1944, Mr. C. Gordon Smith resigned as Assistant Chief Commissioner of the Board. Mr. D. A. Kane was appointed Assistant Chief Commissioner to succeed Mr. Smith, and Mr. C. E. Huntting was appointed to fill the vacancy on the Board.

OPERATING AND FINANCIAL SUMMARY

Appended hereto you will find the report and statement submitted by the Board's Auditors, Messrs. Millar, Macdonald & Co., for the 1943-44 crop year, together with an index for ready reference. Following their report and Statement of Operations for that crop year will be found their final statement in respect of the 1940 Crop Account, and their final statements in respect of the 1941 and 1942 Crop Accounts. Because of the inclusion of these statements in the Board's Annual Report, it will not be necessary to deal with the component items except to furnish such additional information as may be of general interest in considering the manifold operations of the Board.

During the year under review, the Board continued its operations with an unsold position of approximately 205,718,000 bushels of wheat of the 1940, 1941 and 1942 Board crop years. Due to conditions prevailing, approximately 152,452,000 bushels of this was being carried in the country, except for a small proportion in transit to deliverable positions.

In addition to wheat and its problems, the Board continued its other activities and assumed additional ones which are explained in detail in the Auditors' Report. A review of the statements submitted will give a most comprehensive picture of the magnitude of the Board's operations during the period.

Early in the season conditions in respect of the marketing of wheat changed over night, and without any opportunity to prepare for the changes imposed under Order in Council P.C. 7942 the Board was plunged into vast new and complicated operations which entailed tremendous accounting problems. The Board wish to take this opportunity of acknowledging their indebtedness to the members of the staff for their loyalty and co-operation, and for the manner in which they dealt with these problems as they arose during a very difficult period. The Board also desire to express their appreciation for the co-operation and assistance rendered by the Auditors in meeting and dealing with these problems.

The provisions of the Order in Council referred to required the Board to acquire all unsold stocks of wheat (Western Canada grain grades) in all positions, including the unsold stocks remaining in the 1940, 1941 and 1942 Board year crop accounts. These stocks were taken over at market closing prices as of September 27th, 1943. The ownership of these stocks was vested in His Majesty, and the quantities so acquired may be summarized as follows:

	Bushels
1940, 1941 and 1942 Crop Accounts.....	143,914,699
Other Stocks.....	155,523,208
Total Acquired.....	299,437,907
Subsequent Adjustments.....	282,541
Total Crown Wheat Acquired.....	<u>299,720,448</u>

Another provision of the Order required the Board to make payments to the producers of the surpluses arising as a result of the operations of the three crop year accounts referred to.

It is of interest to note that the activities added during the year under review were in addition to the Board's normal operations.

Each of the statements appended hereto shows clearly whether or not the operations have been completed, and if not, the unsold position as at the date of the Balance Sheet.

1943 CROP

Deliveries by producers to Agents of the Board, by provinces, were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba	33,948,916-30	—	2,478,316-30	16,411-10	36,443,644-10
Saskatchewan....	172,065,777-35	34,010-00	2,259,852-25	117,267-45	174,476,907-45
Alberta	81,146,219-50	915,550-45	7,259-40	376,661-20	82,445,691-35
	<u>287,160,913-55</u>	<u>949,560-45</u>	<u>4,745,428-35</u>	<u>510,340-15</u>	<u>293,366,243-30</u>

The ultimate disposition of the 293,366,243-30 bushels received by the Board from producers was as follows:

148,434,075-20 bushels were shipped to Fort William/Port Arthur					
13,946,806-30	"	"	"	"	Vancouver
32,179,767-00	"	"	"	"	Interior terminals and mills
38,737,172-05	"	"	"		direct to the United States ex country elevators
113,513-15	"	"	"	"	Eastern positions ex country elevators
6,347,900-05	"	"			sold at country elevators
239,759,234-15					
53,607,009-15	"				in store country elevators, not yet delivered
<u>293,366,243-30</u>					

In addition to the above, 98,845,055-35 bushels held for Crown Wheat Account were in store country elevators not yet delivered.

Deliveries by producers to the Board, as reported by the Board's Agents, have been submitted earlier in this report.

In order to have a complete record of the Board's operations in respect of the 1940, 1941 and 1942 crop years, which have been dealt with throughout in previous Reports, the following statement is submitted:

TABLE OF NET SALES AND BALANCE OF UNSOLD STOCKS AT THE END OF EACH MONTH

For the period from 1st August to 27th September, 1943

	1940 CROP		1941 CROP		1942 CROP		COMBINED	
	Net Sales	Balance Unsold	Net Sales	Balance Unsold	Net Sales	Balance Unsold	Net Sales	Balance Unsold
1943								
July 31st (as per previous report).....		85,954,425-05		30,467,267-20		89,296,266-00		205,717,958-25
Deduct:								
Deliveries wrongfully reported by Agents of the Board — subsequently adjusted.....		85,954,425-05		30,467,267-20		89,296,026-55		1,239-05
								205,716,719-20
August 31st.....	3,222,814-35	82,731,610-30	392,649-15	30,074,618-05	1,176,057-20	88,118,969-35	4,791,521-10	200,925,198-10
September 27th								
Direct Sales.....	24,943,356-05	57,788,254-25	9,847,374-30	20,227,243-35	22,219,768-55	65,899,200-40	57,010,499-30	143,914,698-40
Appropriated by the Crown.....	57,788,254-25	—	20,227,243-35	—	65,899,200-40	—	143,914,698-40	—
	82,731,610-30		30,074,618-05		88,118,969-35		200,925,198-10	

The following comments may be of interest in considering the statements submitted.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of the Board is submitted in Exhibit I; Exhibit II shows the component items making up each of the Asset and Liability items, but it will be noted that one column deals with "Special Account P.C. 1803, Coarse Grains, etc." This is done for purposes of clarity, and the make-up of the items reflected in that column is itemized in Exhibit III.

Exhibit I

Stocks of Cash Grain

Wheat Stocks

Included under this heading are Board wheat stocks carried in country and terminal elevators, or in transit, totalling 351,172,280 bushels for Crown and 1943 Crop Accounts. This total includes 68,000,000 bushels of wheat provisionally sold by the Board to its Agents, and largely moved out of commercial channels, but in process of final settlement as at the date of the Balance Sheet.

Wheat stocks were valued on the basis of Board fixed prices in store Fort William/Port Arthur or Vancouver. In accordance with the usual practice, no attempt was made to estimate what proportion might ultimately become export or Class II Wheat. The valuations are therefore conservative, and any improvement in the condition will be reflected in next year's Annual Accounts.

Wheat Sold but not Delivered

These stocks are valued at sales prices less loading charges. The quantity involved is 13,737,000 bushels.

Loading Charges

These charges, to be recovered from sales of wheat in seaboard positions, represent recoveries which will be made when sales are consummated.

Flax Stocks

These stocks were also being carried in country and terminal elevators, in crushing plants or in transit. They are valued on the basis of Board fixed prices, basis in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at ceiling prices. No allowance has been made for export sales which might be made subsequent to the date of the Balance Sheet, the quantities of which could not be determined at that time. They will, however, be reflected in subsequent statements as an improvement in the position shown in the Operating Statement appended.

Flax Sold but not Delivered

This represents the recovery value of stocks actually disposed of, at realizable prices. This item has been fully dealt with in the Auditors' Report and requires no further comment.

Accounts Receivable

Dominion Government

This item reflects the amount of expenditures for administrative and general expenses which are not a charge against the producers. It largely comprises the cost of the Acreage, Quota and Car Supply Departments.

Sundry Accounts

The item shown as "Sundry Accounts" represents the usual items in process of adjustment at the end of the fiscal period and which have since been paid.

Memberships

All memberships carried under this heading are necessary for the conduct of the operations of the Board. The component items represent three memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association Limited (commonly known as the "Clearing House"), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost less dividends received.

Due from the Dominion Government

The following is a summary showing the component items included under this heading:

	Exhibit	P.C. No.	Surplus	Deficit
Crown Wheat Account.....	IV	7942	\$ —	\$10,125,327.04
Special Account.....	VII	1803	2,230,147.23	—
Flax Division — 1943.....	IX	7325	1,156,510.56	—
Flax Division — 1941 and 1942....	X	1800	—	754,301.90
Advance Equalization Fees.....	XI	8898	—	2,063,257.35
Oats and Barley Account.....	XIII	1801	336,346.35	—
Rapeseed and Sunflower.....	XIV	2894	—	90,589.38
Soybeans — 1943.....	XV	4010	—	146.40
Soybeans — 1942.....	XVI	2799	—	6,919.74
			<u>\$ 3,723,004.14</u>	<u>\$13,040,541.81</u>
			9,317,537.67	
			<u>\$13,040,541.81</u>	<u>\$13,040,541.81</u>

Deficit—1939 Crop Account

The operations of this account have now been completed and until such time as it is funded by the Dominion Government it will only increase by the usual interest charges, and any small administrative costs of carrying the account.

Liability to Banks

This item requires some explanation by reason of the fact that the Board had funds on deposit. The items comprising it represent advances in respect of other than wheat accounts, which, because they are authorized under separate Orders in Council, have to be kept separate from the ordinary Board funds.

Liability to Agents

At the time grain is delivered by producers to country elevators of the companies who act as Agents of the Board, the producers receive payment on the basis of the initial prices, and the liability continues to be carried by the companies until such time as the grain is unloaded in a deliverable position.

Amounts Due to Producers on Oats and Barley

The first item shows the unexpended amount of the provision made to cover the cost of making the Payment. These costs continued after the date of the Balance Sheet.

The second item shown under this heading reflects the surplus in respect of Oats Equalization Fees, which will be paid to the producers after making provision for the cost of making such Payment.

Provisions for Expenses of Issuing Final Payments

This reflects the unused portion of the provision made for costs of issuing cheques in respect of the 1940, 1941 and 1942 crop years. It should be explained that interest is allowed each month on the unused portion of these funds.

Payments on Producer's Certificates for the three crop years represented an unprecedented operation and consequently the Board could only exercise its best judgment in respect to the probable costs of making the payments. From experience to date, the Board feels that payment costs were reasonably estimated and any unused funds will largely consist of accrued interest.

Drawback Account

For the purpose of paying drawback claims to millers and other processors of wheat for human consumption in Canada, the Board makes an estimate annually covering the fiscal year of the Dominion Government which ends March 31st. On the basis of this estimate appropriations are authorized by the Government upon which the Board draws from time to time as required. Each year a detailed statement is furnished to the Treasury Department showing the expenditures made together with any recoveries in respect of products exported.

During the year under review we have also obtained payments through the Commodity Prices Stabilization Corporation Ltd., being refunds of excess profits recovered under an agreement between the millers and other processors and the Treasury Department. The operations of this account are reflected in Exhibit XVII.

1930 Wheat Crop Equalization Payment Account

This item shows the unexpended portion of an amount made available to the Board covering expenditures in respect of this Equalization Payment, and which is held in reserve for unusual expenditures which should not be charged to producers.

Advances Received on Agency Wheat Stocks

The very large figure shown under this heading is a new item in the Balance Sheet of the Board, and is the result of the provisions of Order in Council P.C. 7942. At the time wheat is sold to the shippers and exporters who are Agents of the Board, they make an advance provisional payment basis \$1.25 per bushel No. 1 Northern Wheat, Fort William/Port Arthur or Vancouver. Since in the usual course of business they must have the documents of ownership of the wheat, these advances are obviously necessary to protect the Board.

Accounts Payable

The first item shown under this heading requires no explanation, and the item shown as "Sundry Accounts" is largely made up of the amount due from the Dominion Government in respect of Advance Barley Equalization Fees, and an amount due to the Ministry of Food of the United Kingdom of \$3,079,267.50 which has been adjusted since the date of the Balance Sheet. The balance comprises the usual items in process of settlement at the end of the year.

Accrued Expenses Payable

Due to the nature of the Board's operations, this amount is unusually large, the major item being \$7,341,878.81 covering loading and transportation charges recoverable. The balance represents storage and other charges accrued but not payable as of the date of the Balance Sheet.

Exhibit II

Amounts Due to and from Other Board Accounts

These items are due to the fact that the Board conducts its wheat operations through one series of bank accounts, and the distribution to the various crops is handled through a Control Account.

STATEMENT OF OPERATIONS

The various Exhibits dealing with the operations of the Board are largely self-explanatory and require little comment. The following explanations apply to both Crown Wheat Account and 1943 Crop Account — Exhibits IV and V.

Carrying Charges and Other Costs

"Carrying Charges on Wheat Stored in Country Elevators" represents storage and interest charges paid and payable to the Agents of the Board up to the date of the Balance Sheet. These charges continue until such time as the wheat reaches a deliverable position, when it is taken over and paid for by the Board.

Storage on Wheat Stored in Terminal Elevators

This item covers storage paid or accrued up to the date of the Balance Sheet on wheat carried in interior, lakehead, Pacific Coast or other terminals. Wheat is not necessarily moved out of the terminal at time of sale, in which case the Board allows accrued storage to the buyer on the sales invoice.

It will be observed in Exhibit V there is a credit figure for terminal storage. This represents an allowance from Crown Account for wheat sold as Class 1 out of 1943 Board stocks.

The credit figure for "Interest and Bank Charges" in the same statement is occasioned by these transactions.

Freight and Handling Charges Recovered

"Freight and Handling Charges Recovered on Shipments from Country Points", and a similar item in Exhibit IV — both credit balances — arise as a result of shipments made from country elevators to complete sales from favourable freight rate points.

Exhibit VI

Statement of Operations in respect of the 1939 Crop Account was submitted in last year's Annual Report. The variations shown in this respect represent transactions in process of adjustment as at the date of the Balance Sheet, with the addition of the usual interest and bank charges.

Exhibit VII

The same explanation applies in respect to the operations of Special Account P.C. 1803.

Exhibit VIII

This Exhibit shows the progress of the final wheat payments in respect of the 1940, 1941 and 1942 crop years up to the date of the Balance Sheet. All cheques for which Requisitions had been received had been mailed out prior to the end of the calendar year. Remaining in our files were approximately 1,200,000 Producer's Certificates, payment for which had not been claimed. Printed form letters have been and are being sent out to all producers whose names appear on these duplicates. These letters have been going out at the rate of 7,000 weekly, and later Bond Forms will go forward, upon

completion of which cheques will be issued, but we have found the response from the producers very disappointing in attending to these formalities.

The amount of detail entailed in these operations, and the volume of correspondence, has been enormous.

Exhibit XII

This Exhibit shows the details of making the final payment in respect of Oats and Barley. Since the Board has no record of the individual deliveries made by producers, this information had to be obtained from the handling companies. As was to be expected, there were many errors in names and addresses, which involved a great deal of work on the part of the Board staff.

All other Exhibits we believe are sufficiently explanatory to require no further comments other than those given in the Auditors' Report.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

D. A. KANE,
Assistant Chief Commissioner

C. E. HUNTTING,
Commissioner

Winnipeg, Manitoba
April 7th, 1945.

THE CANADIAN WHEAT BOARD
AUDITORS' REPORT AND FINANCIAL STATEMENTS
31st July, 1944

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<i>Exhibit III.</i>	<i>Statement of Assets and Liabilities and Consolidation Thereof — Special Account — P.C. 1803, Coarse Grains, Seeds and Drawback Account.</i>
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<i>Exhibit XI.</i>	<i>Statement of 1943 Oats and Barley Equalization Fees — P.C. 4450 and P.C. 8898.</i>
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<i>Exhibit XV.</i>	<i>Statement of Operations, 1943 Crop Soybeans Account — P.C. 4010.</i>
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MILLAR, MACDONALD & CO.

CHARTERED ACCOUNTANTS

To the Commissioners,
The Canadian Wheat Board,
Winnipeg, Manitoba.

7th April, 1945

Gentlemen:

We have conducted an audit of the books and accounts of The Canadian Wheat Board for the fiscal year ended 31st July, 1944, and now submit for your information the attached financial statements comprising a Consolidated Balance Sheet, (Exhibit I) which sets forth the financial position of the Wheat Board as at the foregoing date, together with other statements showing the results of operations to the close of the fiscal period, all as tabulated in the Index preceding this report.

SUMMARY OF OPERATIONS FOR THE FISCAL YEAR

The following operations of the Board which were in process at 31st July, 1943 were continued in the 1943-44 fiscal year:

1. The marketing of wheat delivered by producers to the Board in the Western Division from crops produced in 1940, 1941 and 1942.
2. The necessary and proper adjustment of the prices of all commercial Canadian wheat stocks at 31st July, 1942, to the new and higher levels, as authorized by Order in Council P.C. 1803 of 9th March, 1942.
3. The control and marketing of flaxseed on hand at 31st July, 1942, and of flaxseed delivered by Producers during the crop year 1942-43, as authorized by Order in Council P.C. 1800 of 9th March, 1942.

In addition to the foregoing, the following new operations were undertaken during the period under review:

1. Under Order in Council P.C. 7942 of 12th October, 1943 trading in wheat futures on the Winnipeg Grain Exchange was suspended and all futures contracts entered into on or prior to the 27th September, 1943 were finally cleared and cancelled at the closing prices registered on the Winnipeg Grain Exchange 27th September, 1943.

In terms of the same Order in Council the Board was authorized to:

- (a) Accept deliveries of wheat produced in the 1943-44 crop year at an initial price of \$1.25 per bushel basis One Northern in store Fort William/Port Arthur or Vancouver, for the remainder of the crop year from 28th September, 1943 to 31st July, 1944.
- (b) Distribute final payments to Producers on the outstanding certificates of the 1940, 1941 and 1942 crop accounts.
- (c) Appropriate for the account of His Majesty all commercial stocks of Western wheat for which there was no outstanding sales contract as at 28th September, 1943, and to pay for the wheat stocks so acquired on the basis of the closing market prices registered on the Winnipeg Grain Exchange 27th September, 1943.
- (d) Sell wheat stocks acquired for the account of His Majesty to fill domestic and mutual aid requirements.

2. Under Order in Council P.C. 4450 of 1st June, 1943 the Board was empowered to purchase oats and barley futures and cash grain, for the general purpose of assuring to producers of these grains in Western Canada a minimum price for their product. Since the prices for oats and barley registered on the Winnipeg Grain Exchange for the fiscal year under review remained above the minimum prices established under this order, there were no transactions on oats and barley futures and cash grain.

Under the terms of the above Order and Order in Council P.C. 8898 of 18th November, 1943, the Board was empowered to collect equalization fees on oats and barley exported from Canada; the proceeds of these fees to be placed in the Oats Equalization Fund and the Barley Equalization Fund. The Dominion Government guaranteed the Oats Equalization Fund to the extent of 10 cents per bushel, and the Barley Equalization Fund to the extent of 15 cents per bushel, retroactive to 1st August, 1943. The Government further provided that the foregoing guaranteed amounts were to be payable to Producers on delivery of oats and barley in the form of advance equalization payments.

3. Under Order in Council P.C. 7325 of 21st September, 1943, the Board was empowered to control the marketing of flaxseed on hand 31st July, 1943, and of flaxseed subsequently delivered by Producers during the 1943-44 crop season.
4. For the general purpose of encouraging the production of soybeans in Canada, to meet the demand for vegetable oils, the Board was empowered under Order in Council P.C. 4010 of 18th May, 1943, to purchase and sell soybeans delivered in the 1943-44 crop year, at prices to assure the Producers of a minimum price for their product.
5. For the general purpose of encouraging the production of sunflower seed and rapeseed, to meet the demand for edible and non-edible oils, the Board was authorized by Order in Council P.C. 2894 of 9th April, 1943 to purchase and sell sunflower seed and rapeseed at prices to assure the Producers of a minimum price for their product.
6. The Board was charged with the administration of Orders in Council P.C. 6602 of 19th August, 1943 and P.C. 7323 of 20th September, 1943, which authorized payments to flour millers in respect of flour or other human foods containing western wheat used in Canada, computed as follows:—
 - (a) The bushels of western wheat used in production of flour or other human foods, multiplied by
 - (b) A rate per bushel being the excess of the monthly average price determined by The Canadian Wheat Board, over the appropriate price determined by the Wartime Prices and Trade Board.
7. Under Order in Council P.C. 5114 of 24th June, 1943, the Board was empowered to accept wheat from Producers in Ontario, delivered in the 1943-44 crop season, at 90 cents per bushel basis Montreal. This order was to apply only in the event that the market price for No. 1 grades of Ontario winter wheat at country points fell below a price of 95 cents per bushel basis export rail freights to Montreal. The market price remained above this figure throughout the 1943-44 crop year, hence no deliveries of Ontario wheat were received by the Board.

STATEMENTS OF OPERATIONS

Crown Wheat Account—P.C. 7942

Under Order in Council P.C. 7942 of 12th October, 1943 all commercial stocks of western wheat, for which there was no outstanding sales contract as at 28th September, 1943, were appropriated by the Board for the account of His Majesty basis the closing market prices registered on the Winnipeg Grain Exchange 27th September, 1943.

However, under existing conditions it proved impossible to determine the actual wheat stocks as at 28th September, 1943, and the Board ruled therefore that the commercial wheat stocks to be appropriated for the account of His Majesty would be those stocks in existence as at the close of business 16th October, 1943. Stocks so acquired were made available by the Board to fill domestic and mutual aid requirements. The operations on Crown Wheat Account to 31st July, 1944 resulted in a deficit of \$10,125,327.04. The deficit shown has been determined after valuing holdings of cash wheat at Board fixed prices.

Order in Council P.C. 7942 of 12th October, 1943, established the fixed price for No. 1 Northern at \$1.25 per bushel basis in store Fort William/Port Arthur or Vancouver and in terms of the same order prices for grades other than No. 1 Northern were fixed by the Board with the approval of the Governor-in-Council.

No provision for carrying costs, interest and other expenses, has been made beyond the close of the fiscal year and the deficit shown should therefore not be viewed as the final amount for which the Board will be reimbursed from moneys appropriated by Parliament in accordance with the provisions of the previously mentioned Order in Council.

1943 Crop Account—Western Division

Under Order in Council P.C. 7942 of 12th October, 1943, the Board was empowered to pay to Producers delivering wheat to the Board, in the balance of the crop year 1943-44 from 28th September, 1943, an initial advance of \$1.25 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. The operations of the Board on this account to 31st July, 1944 resulted in a surplus of \$18,191,131.69. This surplus has been determined after valuing holdings of cash wheat at Board fixed prices established as at 31st July, 1944, basis in store Fort William/Port Arthur or Vancouver, but without provision for carrying costs, interest, etc. beyond the close of the fiscal year. The indicated surplus therefore, should not be viewed as the final amount to be distributed to Producers on the outstanding participation certificates of the 1943 crop year.

1939 Crop Account—Western Division

The result of operations on this account since 1st August, 1939 is a deficit of \$8,226,850.19 as set forth in Exhibit VI. This amount, together with interest and administrative expenses subsequent to 31st July, 1944, now stands to be funded by the Dominion Government.

Special Account—P.C. 1803

Operations on this account to 31st July, 1944 show a surplus of \$2,230,147.23. Transactions in respect of cash wheat and long futures holdings were completed during the 1942-43 crop year, but certain transactions relative to contract cancellations, etc. are still to be completed. The final surplus with interest thereon will accrue to the Consolidated Revenue Fund of the Dominion of Canada.

Final Payments to Producers

1940 Crop—Western Division

1941 Crop—Western Division

1942 Crop—Western Division

In accordance with the provisions of Order in Council P.C. 7942 of 12th October, 1943, cash grain and futures transactions on these accounts were completed as at 27th September, 1943, and the surplus on each account was determined as at that date for final payment to Producers on the outstanding Producers' Certificates relative to each crop year.

The results of the operations on these accounts for the respective periods ended 27th September, 1943 and the amounts payable to Producers on each account have been previously referred to in our reports dated 10th May, 1944 in respect of 1940 Crop Account, and 21st August, 1944 in respect of 1941 and 1942 Crop Accounts. A summary of these accounts and final payments completed to 31st July, 1944 is set forth in Exhibit VIII. Details of the expenses estimated and incurred incident to the issuing of the final payments to Producers are set forth in Exhibit XVIII.

Flax Division—P.C. 1800 and 7325

The results of operations in connection with flaxseed acquired in terms of Order in Council P.C. 1800 of 9th March, 1942 and Order in Council P.C. 7325 of 21st September, 1943 are set forth in Exhibits IX and X respectively. Subsidiary operations in linseed oil carried out under Order in Council P.C. 1800 and which were in process as at 31st July, 1943, were completed during the 1943-44 fiscal year. In this connection a total of 7,402,027 pounds of linseed oil was purchased and exported by the Board during the fiscal year under review. Under Order in Council P.C. 1609 of 9th March, 1944, exporters of linseed oil other than The Canadian Wheat Board were required to pay a benefit to the Board before export of linseed oil from Canada could be made. Benefit, in terms of the Order, is the amount by which the Board fixed price paid to Producers for Flaxseed, plus a carrying charge not to exceed 3 cents per bushel, exceeds the maximum price at which the Board sells flaxseed to domestic crushers and processors. The amounts payable under the Order are determined by the Wartime Prices and Trade Board, and amounts so received by the Board under this Order to 31st July, 1944 have been credited to the 1943 Crop Flax Account. The results of operations on the Flax Division show a net surplus of \$402,208.66 after valuing flaxseed stocks on hand at Board fixed prices, basis in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at maximum prices — P.C. 1800 and 7325, and without provision for carrying costs and expenses beyond 31st July, 1944.

After liquidation of flaxseed stocks on hand, the final surplus on the Flax Division will accrue to the Consolidated Revenue Fund of the Dominion of Canada.

Oats and Barley Division—P.C. 1801, 4450, 8898

Cash grain and futures transactions on 1942 Crop Oats and Barley Account, authorized by Order in Council P.C. 1801 of 9th March, 1942, were completed prior to 31st March, 1943 and resulted in a surplus to 31st July, 1944 of \$336,346.35 as set forth in Exhibit XIII. This amount all accrues to the Consolidated Revenue Fund of the Dominion of Canada and will be increased by accruals of interest until date of transfer to Ottawa, less any expenses incurred subsequent to 31st July, 1944.

Under Order in Council P.C. 4450 of 1st June, 1943, the operations in respect of Equalization Fees collected by the Board on 1942 Crop Oats and Barley Account, for the period from 1st April, 1943 to 31st July, 1943, resulted in final payments to Producers who lawfully delivered and sold oats and barley during the period indicated, of \$1,118,269.96 on oats and \$452,481.01 on barley as set forth in Exhibit XII. Cheques for the total amounts of these payments

were issued by the Board on 11th March, 1944. As at 31st July, 1944, cheques in the amount of \$43,732.56 had still not been presented for payment by Producers. Expenses estimated and incurred incident to the issuing of the final payment to Producers are set forth in Exhibit XVIII.

Under the authority of Order in Council P.C. 4450 of 1st June, 1943, the Board continued to levy and collect export permit fees for the exportation of oats and barley during the 1943-44 crop season. Order in Council P.C. 8898 of 18th November, 1943, empowered the Board to pay advance equalization payments against export permit fees to be collected, of 10 cents per bushel on oats and 15 cents per bushel on barley, to Producers who lawfully delivered and sold oats and barley during the 1943-44 crop season. The results of these operations are set forth in Exhibit XI.

Transactions on Oats Equalization Fees resulted in a surplus of \$8,806,-338.51 and this amount, after deduction of necessary expenses, will be paid to Producers during the 1944-45 crop year. The deficit resulting from transactions on Barley Equalization Fees will be paid to the Board out of moneys appropriated by Parliament.

Seeds Division—P.C. 2894

Operations on this account in respect of rapeseed and sunflower seed resulted in a deficit of \$90,589.38 as set forth in Exhibit XIV. The deficit as shown has been determined after valuing seeds stocks on hand at Board fixed prices, basis F.O.B. shipping points, and without provision for carrying costs, interest and other expenses beyond the close of the fiscal year. After liquidation of seeds stocks on hand, the final loss on this account will be paid from moneys appropriated under the War Appropriations Act.

Soybeans Division—P.C. 4010 and 2799

Operations on 1943 Crop Soybeans Account, authorized by Order in Council P.C. 4010 of 18th May, 1943, were completed as at 31st July, 1944 and resulted in a deficit of \$146.40 as set forth in Exhibit XV. Operations on 1942 Crop Soybeans Account had been completed as at 31st July, 1943 and resulted in a deficit of \$6,715.10. Interest accrued on this account to 31st July, 1944 results in a deficit of \$6,919.74 as set forth in Exhibit XVI. These losses on soybeans operations, together with interest thereon and minor expenses subsequent to 31st July, 1944, are payable from moneys appropriated under the War Appropriations Act.

Drawback Account

Under Orders in Council P.C. 9457 of 16th October, 1942, P.C. 6602 of 19th August, 1943 and P.C. 7323 of 20th September, 1943, the Board was charged with the administration of Drawback payments to flour millers and processors in accordance with the terms of the above Orders. The results of these operations for the period from 1st August, 1942 to 31st July, 1944 are set forth in Exhibit XVII. The amount shown as refunds of excess profits recovered represents the recorded receipts from The Commodity Prices Stabilization Corporation to 31st July, 1944. Order in Council P.C. 3438 of 29th April, 1943 provided for the recovery of expenses incurred by the Board in administering these regulations, as follows:—

“Expenditures hereunder, including expenses incurred by The Canadian Wheat Board in administering the provisions hereof, shall be charged against moneys to be allocated from the War Appropriation for this purpose.”

Schedule of Administrative and General Expenses

Total expenditures under this heading for the year under review were \$1,280,817.33, comprising expenses incurred at the Winnipeg, Calgary, Vancouver, Toronto and London (England) offices of the Board. Of these expenditures an

amount of \$280,434.37 has been charged to the Dominion Government in respect of expenses incurred in the administration of Acreage and Quota Regulations, etc. In accordance with the provisions of Order in Council P.C. 3438 of 29th April, 1943 an amount of \$35,286.64 has been charged to Drawback Account for the cost of administering the Drawback regulations during the 1943-44 fiscal year. The balance of the administrative and general expenses has been allocated to Board operations principally on the basis of bushels handled on each account during the 1943-44 crop year.

CONSOLIDATED BALANCE SHEET

We have examined grain documents on hand and have obtained certificates from bankers covering grain documents held by them as security to the liability for demand loans. Stocks of grain in the custody of Agents, in country elevators, terminal elevators and mills, etc., have been verified by reference to grain records maintained by the Board in which reports submitted by Agents are regularly recorded. In our opinion the asset "Stocks of cash grain, etc. \$455,726,402.29" is correctly stated on the basis of valuations indicated on the Consolidated Balance Sheet. We have received certificates from bankers in verification of funds on deposit, and satisfactory evidence has been produced for our inspection in confirmation of all other assets.

We have also obtained certificates from bankers in verification of the liability for demand loans, and have checked the computations of the liability to Agents for grain purchased but not yet delivered. Other liabilities have been verified by reference to creditors' statements, sales contracts and other data, and are correctly stated to the best of our information and belief.

In the course of our audit we have examined vouchers and other documentary evidence in support of grain and financial transactions, and have obtained all the information and explanations which we have required from members of the Board and from its officers and employees. The transactions have been verified in such detail and to such extent as we have considered adequate in view of the system of internal accounting control maintained by the Board.

In terms of the foregoing, we report that in our opinion the attached Consolidated Balance Sheet (Exhibit I) and related statements of operations are properly drawn up so as to present respectively a true and correct view of the financial position of The Canadian Wheat Board as at 31st July, 1944, and of the results of the operations for the periods ended on that date, according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN CONSOLIDATED

As at 31

ASSETS

Funds on deposit.....		\$ 26,139,282.29
Stocks of cash grain, etc. — (In terms of inventories prepared by responsible officials):		
Wheat stocks (valued on the basis of Board fixed prices basis in store Fort William/Port Arthur or Vancouver).....	\$425,502,087.62	
Wheat sold but not delivered (valued at sales prices less loading charges).....	16,812,960.22	
Loading and transportation charges, etc., to be recovered from sales of wheat in eastern and seaboard positions.....	7,357,641.56	
Flax stocks (valued on the basis of Board fixed prices basis in store Fort William/Port Arthur or Montreal — less provision for stocks to be sold to domestic crushers and processors at maximum prices — P.C. 7325).....	5,847,128.96	
Flax sold but not delivered (valued at sales prices)	1,379.56	
Rapeseed and sunflower seed stocks (valued at Board fixed prices basis F.O.B. shipping points)	205,204.37	455,726,402.29
Accounts receivable — Dominion Government.....	\$ 913,596.43	
— sundry accounts.....	604,608.15	1,518,204.58
Memberships — In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association.....		14,193.91
Office furniture, equipment and automobiles, at cost less depreciation.....		55,991.45
Due from the Dominion Government		
Net deficit resulting from the operations of the Wheat Board in respect of Crown Wheat Account— P.C. 7942, Special Account — P.C. 1803, coarse grains and seeds accounts — P.C. 1800, 7325, 1801, 4450, 8898, 2894, 2799 and 4010.....		9,317,537.67
Deficit — resulting from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939 to 31st July, 1944.....		8,226,850.19
		<u>\$500,998,462.38</u>

Approved:

GEO. McIVOR,
Chief Commissioner

D. A. KANE,
Assistant Chief Commissioner

C. E. HUNTING,
Commissioner

WHEAT BOARD BALANCE SHEET July 31, 1944

LIABILITIES

Liability to banks — demand loans.....	\$ 6,479,246.26	
— accrued interest thereon.....	792.55	\$ 6,480,038.81
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board:		
Wheat	\$200,631,443.41	
Flax	1,449,337.10	
Rapeseed and sunflower seed.....	3,046.15	202,083,826.66
Amounts due to Producers on Oats and Barley Equalization Fees:		
1942 Oats and Barley final payment — P.C. 4450.....	\$ 43,732.56	
1943 Oats Equalization fees — P.C. 4450 and 8898	8,806,338.51	8,850,071.07
Amounts due to Producers on the outstanding certificates:		
Western Division — 1940, 1941 and 1942 Crop Accounts final payments..	\$ 48,551,789.17	
Eastern Division — 1939 Crop Account final payment	3,183.88	
— 1940 Crop Account final payment	7,068.05	48,562,041.10
Provisions for expenses of issuing final payments....		567,830.90
Drawback Account — balance of appropriations.....		1,178,720.43
1930 Wheat Crop Equalization Payment Account — residue made available to The Canadian Wheat Board		78,658.06
Advances received on Agency wheat stocks.....		182,149,904.58
Accounts payable — uncompleted wheat sales.....	\$14,725,359.31	
— sundry accounts.....	6,586,756.97	21,312,116.28
Accrued expenses payable — freight, storage charges, etc.....		11,544,122.80
Surplus from the operations of the Wheat Board on 1943 Crop Account, Western Division, for the period from 1st August, 1943 to 31st July, 1944....		18,191,131.69
		<u>\$500,998,462.38</u>

This is the Consolidated Balance Sheet which is referred to in our report of this date attached hereto.

Winnipeg, Manitoba,
7th April 1945.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN STATEMENT OF ASSETS AND LIABILITIES

As at 31

ASSETS

1939 Wheat
Crop Account

Funds on deposit	
Stocks of cash grain, etc.:	
Wheat stocks	
Wheat sold but not delivered	
Loading and transportation charges, etc.....	
Flax stocks.....	
Flax sold but not delivered.....	
Rapeseed and sunflower seed stocks	
Accounts receivable.....	
Grain trade memberships.....	
Office furniture, equipment and automobiles.....	
Due from the Dominion Government:	
Net deficit resulting from operations.....	
Deficit — resulting from operations — Western Division.....	\$8,226,850.19
	<u>\$8,226,850.19</u>

LIABILITIES

Liability to banks — demand loans.....	
— accrued interest thereon.....	
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board.....	
Amount due to Producers on 1942 and 1943 Oats and Barley Equalization fees — P.C. 4450 and 8898.....	
Amounts due to Producers on the outstanding certificates:	
Western Division — 1940, 1941 and 1942 Crop Accounts final payments.....	
Eastern Division — 1939 Crop Account final payment.....	
— 1940 Crop Account final payment.....	
Provisions for expenses of issuing final payments.....	
Drawback Account — balance of appropriations	
1930 Wheat Crop Equalization Payment Account.....	
Advances received on Agency wheat stocks.....	
Accounts payable	
Accrued expenses payable	
Surplus resulting from operations — Western Division.....	
Amounts due to and from other Board accounts	\$8,226,850.19
	<u>\$8,226,850.19</u>

WHEAT BOARD

AND CONSOLIDATION THEREOF

for the year ending June 30, 1944

1940, 1941 and 1942 Wheat Crops Final Payment Accounts	1943 Wheat Crop Account	Crown Wheat Account P.C. 7942	Totals for Special Account P.C. 1803 Coarse Grains, etc.	Totals for Consolidated Balance Sheet
23,858.85	\$ 25,009,716.61		\$1,105,706.83	\$ 26,139,282.29
	196,353,174.05	\$229,148,913.57		425,502,087.62
	3,106,050.64	13,706,909.58		16,812,960.22
	6,062,255.31	1,295,386.25		7,357,641.56
			5,847,128.96	5,847,128.96
			1,379.56	1,379.56
			205,204.37	205,204.37
	348,175.16	1,167,862.24	2,167.18	1,518,204.58
	14,193.91			14,193.91
	55,991.45			55,991.45
		10,125,327.04	(807,789.37)	9,317,537.67
				8,226,850.19
23,858.85	\$230,949,557.13	\$255,444,398.68	\$6,353,797.53	\$500,998,462.38
	\$ 4,766,455.42		\$1,712,790.84	\$ 6,479,246.26
	452.21		340.34	792.55
	65,927,781.77	\$134,703,661.64	1,452,383.25	202,083,826.66
			8,850,071.07	8,850,071.07
3,551,789.17				48,551,789.17
	3,183.88			3,183.88
	7,068.05			7,068.05
533,854.06			33,976.84	567,830.90
			1,178,720.43	1,178,720.43
		78,658.06		78,658.06
	121,972,917.94	60,176,986.64		182,149,904.58
616,970.17	1,586,125.76	16,274,382.99	2,834,637.36	21,312,116.28
	7,253,567.89	4,138,492.36	152,062.55	11,544,122.80
	18,191,131.69			18,191,131.69
678,754.55)	11,240,872.52	40,072,216.99	(9,861,185.15)	
23,858.85	\$230,949,557.13	\$255,444,398.68	\$6,353,797.53	\$500,998,462.38

THE CANADIAN

STATEMENT OF ASSETS AND LIABILITIES
SPECIAL ACCOUNT — P. C. 1803, COARSE

As at 31

<i>ASSETS</i>	Special Account P.C. 1803	Flax Division P.C. 1800 P.C. 7325
Funds on deposit.....		
Stocks of cash grain, etc:		
Flax stocks.....		\$5,847,128.96
Flax sold but not delivered.....		1,379.56
Rapeseed and sunflower seed stocks.....		
Accounts receivable		66.72
Due from the Dominion Government:		
Net deficit resulting from operations.....	(\$2,230,147.23)	(402,208.66)
	<u>(\$2,230,147.23)</u>	<u>\$5,446,366.58</u>
 <i>LIABILITIES</i>		
Liability to banks — demand loans.....		\$1,710,828.47
— accrued interest thereon.....		336.36
Liability to Agents for grain purchased from Pro- ducers but not yet delivered to the Wheat Board.....		1,449,337.10
Amount due to Producers on 1942 and 1943 Oats and Barley Equalization fees — P.C. 4450 and 8898		
Provision for expenses of issuing final payment on 1942 Oats and Barley Equalization fees — P.C. 4450.....		
Drawback Account — balance of appropriations.....		
Accounts payable.....		1,736.69
Accrued expenses payable.....		138,541.16
Amounts due to and from other Board accounts.....	(\$2,230,147.23)	2,145,586.80
	<u>(\$2,230,147.23)</u>	<u>\$5,446,366.58</u>

HEAT BOARD

AND CONSOLIDATION THEREOF
GAINS, SEEDS AND DRAWBACK ACCOUNT

y, 1944

Wheat and Barley Division P.C. 1801 P.C. 4450 P.C. 8898	Seeds Division P.C. 2894	Soybeans Division P.C. 2799 P.C. 4010	Drawback Account P.C. 9457 P.C. 3433 P.C. 6602 P.C. 7323	Total
2,818.25			\$1,102,888.58	\$1,105,706.83
				5,847,128.96
				1,379.56
	\$205,204.37			205,204.37
	2,100.46			2,167.18
7,26,911.00	90,589.38	\$7,066.14		(807,789.37)
7,29,729.25	\$297,894.21	\$7,066.14	\$1,102,888.58	\$6,353,797.53
	\$ 1,962.37			\$1,712,790.84
	3.98			340.34
	3,046.15			1,452,383.25
850,071.07				8,850,071.07
33,976.84				33,976.84
			\$1,178,720.43	1,178,720.43
32,900.67				2,834,637.36
	13,521.39			152,062.55
87,219.33)	279,360.32	7,066.14	(75,831.85)	(9,861,185.15)
29,729.25	\$297,894.21	\$7,066.14	\$1,102,888.58	\$6,353,797.53

THE CANADIAN

Crown Wheat

STATEMENT OF

For the period from inception (28

Wheat acquired:

Delivered or to be delivered by Agents of the Board at closing market prices 27th September, 1943, basis Fort William/Port Arthur or Vancouver

Purchases of terminal stocks at closing market prices 27th September, 1943, basis in store Fort William/Port Arthur or Vancouver.....

Purchases of overages etc., at terminal and country elevators, at Board fixed prices basis in store Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver

Uncompleted sales at contract prices less provision for loading costs

Net proceeds from sales.....

Stocks of wheat, valued on the basis of Board fixed prices basis in store Fort William/Port Arthur or Vancouver.

On hand

In the custody of Agents

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Freight recovered on wheat shipped from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, etc.

Brokerage and commission charges

Administrative and general expenses

Deficit from the operations of the Wheat Board on Crown Wheat Account, Western Division — P.C. 7942, for the period from inception (28th September, 1943) to 31st July, 1944.....

HEAT BOARD

Account—P. C. 7942

OPERATIONS

September, 1943) to 31st July, 1944

Bushels	Amount	
206,221,750-10	\$243,266,237.65	
93,216,156-41	110,761,338.01	
<u>282,541-35</u>	<u>343,749.99</u>	
<u>299,720,448-26</u>		\$354,371,325.65
99,980,434-10	\$120,538,303.47	
<u>11,442,130-10</u>	<u>13,706,909.58</u>	
111,422,564-20	\$134,245,213.05	
38,130,086-54	\$168,971,926.93	
<u>50,167,797-12</u>	<u>60,176,986.64</u>	
188,297,884-06	<u>229,148,913.57</u>	
<u>299,720,448-26</u>		<u>363,394,126.62</u>
		9,022,800.97
	\$12,097,055.47	
	<u>4,319,225.45</u>	
	\$16,416,280.92	
	2,674,021.20	
	(161,615.81)	
	27,366.10	
	4,493.84	
	76,477.67	
	<u>111,104.09</u>	
		<u>19,148,128.01</u>
		<u>\$10,125,327.04</u>

THE CANADIAN

1943 Crop Account

STATEMENT OF

For the year ended 31st July, 1944

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Uncompleted sales at contract prices less provision for loading costs.....

Net proceeds from sales.....

Stocks of wheat, valued on the basis of Board fixed prices basis in store Fort William/Port Arthur or Vancouver:

On hand.....

In the custody of Agents.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Freight and handling charges recovered on shipments from country points to the United States.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage charges.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1943 Crop Account, Western Division, for the year ended 31st July, 1944.....

HEAT BOARD

Western Division

OPERATIONS

st July, 1944

Bushels

Amount

<u>293,366,243-30</u>				\$354,382,921.45
196,978-41	\$178,090,960.67			
<u>294,869-00</u>	<u>3,106,050.64</u>			
130,491,847-41		\$181,197,011.31		
292,943-59	\$ 74,380,256.11			
<u>581,451-50</u>	<u>121,972,917.94</u>			
162,874,395-49		<u>196,353,174.05</u>		
<u>293,366,243-30</u>				<u>377,550,185.36</u>
				23,167,263.91
	\$ 4,525,571.88			
	<u>(524,144.57)</u>	\$ 4,001,427.31		
		(200,091.46)		
		910,861.73		
		(309,893.59)		
		2,326.49		
		19,290.69		
		115,876.49		
		<u>436,834.56</u>		<u>4,976,132.22</u>
				<u>\$ 18,191,131.69</u>

THE CANADIAN WHEAT BOARD

1939 Crop Account—Western Division

STATEMENT OF DEFICIT

For the year ended 31st July, 1944

Deficit resulting from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939 to 31st July, 1943			\$8,816,210.36
Add: Interest and bank charges to 31st July, 1944....		234,328.97	
			<u>9,050,539.33</u>
Deduct: Adjustment with 1940 Crop Account as at 27th September, 1943, in respect of 1939 Crop Account cash wheat stocks transferred as at 31st March, 1943.....		769,880.91	
			<u>8,280,658.42</u>
Deduct: Proportion of administrative and general expenses to 31st July, 1943, applicable to acreage and quota regulations, etc. — P.C. 3540 dated 12th May, 1944.....		\$53,978.23	
Less: Proportion of administrative and general expenses for the year ended 31st July, 1944	170.00		<u>53,808.23</u>
Deficit from the operations of the Wheat Board on 1939 Crop Account, Western Division, for the period from 1st August, 1939 to 31st July, 1944			<u><u>\$8,226,850.19</u></u>

THE CANADIAN WHEAT BOARD

Special Account—P. C. 1803

STATEMENT OF SURPLUS

For the year ended 31st July, 1944

Surplus from the operations of the Wheat Board, Special Account, P.C. 1803, for the period from 16th March, 1942 to 31st July, 1943.....		\$1,990,310.13
Add: Profit on cash wheat transactions subsequent to 31st July, 1943, in process of adjust- ment, incident to the change in the price level.....	\$147,621.26	
Interest earned.....	69,912.10	
Adjustment of Brokerage and Clearing Association charges.....	1,785.00	
Proportion of administrative and general expenses applicable to acreage and quota regulations, etc. P.C. 3540 dated 12th May, 1944.....	20,568.74	239,887.10
		<u>2,230,197.23</u>
Deduct: Proportion of administrative and general expenses for the year ended 31st July, 1944.....		<u>50.00</u>
Surplus from the operations of the Wheat Board, Special Account, P.C. 1803, for the period from 16th March, 1942 to 31st July, 1944.....		<u><u>\$2,230,147.23</u></u>

THE CANADIAN
1940, 1941 and 1942 C
STATEMENT OF FINA
For the period from 28

1940 Crop Account

Surplus on operations to 27th September, 1943.....			\$26,198,149.
Add: Interest thereon to 30th April, 1944.....			467,953.
31st August, 1944.....			—
			<hr/> 26,666,102.
Deduct: The Prairie Farm Assistance Act levy.....	\$	263,452.53	
Provision for final payment expenses		320,850.00	
		<hr/>	584,302.
Amounts payable to Producers.....			26,081,800.
Less: Cheques issued to Producers.....	\$16,237,680.74		
Deduct: Cheques not presented for payment at 31st July, 1944		3,709,422.94	12,528,257.
		<hr/>	<hr/>
Balances payable to Producers as at 31st July, 1944, on the final payments of 1940, 1941 and 1942 Crop Accounts — Western Division			<hr/> <hr/> \$13,553,542.

HEAT BOARD

Accounts — Western Division

PAYMENTS TO PRODUCERS

September, 1943 to 31st July, 1944

<u>1941 Crop Account</u>	<u>1942 Crop Account</u>	<u>Total</u>
\$15,226,321.68	\$19,575,887.27	\$61,000,358.42
412,005.78	529,699.72	1,409,658.72
15,638,327.46	20,105,586.99	62,410,017.14
54,600.77	\$198,916.87	\$616,970.17
78,250.00	213,900.00	713,000.00
332,850.77	412,816.87	1,329,970.17
15,305,476.69	19,692,770.12	61,080,046.97
—	—	12,528,257.80
<u>\$15,305,476.69</u>	<u>\$19,692,770.12</u>	<u>\$48,551,789.17</u>

THE CANADIAN
1943 Crop Account, Flax Division
STATEMENT OF RESULTS
For the year ended 31st July, 1944

Flax acquired:

Delivered or to be delivered at Board fixed prices basis in store Fort William/Port Arthur or Montreal.....

Purchased from 1942 Crop Account at Board fixed prices 31st July, 1944, basis in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort/William Port Arthur or Montreal.....

Uncompleted sales at contract prices.....

Net proceeds from sales.....

Stocks of flax on hand, valued on the basis of Board fixed prices established as at 31st July, 1944, basis in store Fort William/Port Arthur or Montreal.....

Deduct: Provision for stocks to be sold to domestic crushers and processors at maximum prices — P.C. 7325.....

Surplus on cash flax transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....

Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Dockage on special shipments via Fort William/Port Arthur.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Brokerage charges.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1943 Crop Account, Flax Division — P.C. 7325 for the year ended 31st July, 1944.....

HEAT BOARD

Division — P. C. 7325

OPERATIONS

1st July, 1944

Bushels		Amount	
14,305,251-19		\$35,831,323.96	
<u>3,115-29</u>	<u>14,308,366-48</u>	<u>6,517.23</u>	\$35,837,841.19
11,715,123-02	\$32,072,693.54		
<u>900-06</u>	<u>1,379.56</u>		
11,716,023-08		\$32,074,073.10	
2,592,343-40	\$ 6,532,005.43		
	<u>684,876.47</u>	<u>5,847,128.96</u>	37,921,202.06
<u>14,308,366-48</u>			
			2,083,360.87
	\$ 161,325.69		
	<u>265,599.27</u>	\$ 426,924.96	
		232,296.53	
		178,756.80	
		53,799.48	
		1,500.03	
		6,566.43	
		<u>27,006.08</u>	<u>926,850.31</u>
			<u>\$ 1,156,510.56</u>

THE CANADIAN
1941 and 1942 Crop Accounts
STATEMENT OF ACCOUNTS
For the period from 19th March 1942 to 31st July 1944

Flax acquired:

Delivered at Board fixed prices basis in store Fort William/Port Arthur
or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal.....

Futures trades liquidated under the authority of P.C. 1800 of 9th March, 1942:

Purchases

Sales

Linseed Oil:

Export sales at contract prices including U.S. exchange.....

Purchases at cost, including export freight, etc.....

Net proceeds from sales.....

Surplus on cash flax and linseed oil transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....

Storage on flax stored in terminal elevators.....

Interest and bank charges

Dockage on special shipments via Fort William/Port Arthur.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Brokerage charges

Administrative and general expenses to 31st July, 1943.....

Deduct: Proportion of administrative and general expenses applic-
able to acreage and quota regulations, etc. — P.C. 3540
dated 12th May, 1944.....

Add: Expenses chargeable to 1942 Crop paid in 1943 Crop season.....

Proportion of administrative and general expenses for the year
ended 31st July, 1944.....

Deficit from the operations of the Wheat Board on
1941 and 1942 Crop Accounts, Flax Division —
P.C. 1800 for the period from 19th March, 1942
to 31st July, 1944.....

HEAT BOARD

x Division — P. C. 1800

ERATIONS

2 to 31st July, 1944

Bushels

Amount

13,339,283-53

\$28,655,467.74

13,339,283-53

\$28,237,041.27

116,000-00

\$1,830,240.00

116,000-001,830,240.00

Pounds

10,648,734

\$1,486,670.35

10,648,7341,018,668.16468,002.1928,705,043.46

49,575.72

\$ 296,636.56

172,352.13

\$ 468,988.69

221,194.18

65,486.46

991.18

1,777.68

8,374.93

\$ 40,380.21

8,872.40

31,507.81

2,500.00

3,056.6937,064.50803,877.62\$ 754,301.90

THE CANADIAN
STATEMENT OF 1943 OATS AND
P. C. 4450 a
For the year ended

Equalization fees collected.....

Deduct: Advance equalization payments.....

Deduct: Interest and bank charges.....

Administrative and general expenses.....

Payable to Producers:

Surplus on Oats Equalization fees to 31st July, 1944.....

Due from Dominion Government:

Deficit on Barley Equalization fees to 31st July, 1944.....

HEAT BOARD
 RLEY EQUALIZATION FEES
 C. 8898
 t July, 1944

Oats	Barley	Total
\$23,909,620.37	\$11,796,937.06	\$35,706,557.43
15,124,334.52	13,743,083.02	28,867,417.54
8,785,285.85	(1,946,145.96)	6,839,139.89
(67,396.60)	83,440.73	16,044.13
46,343.94	33,670.66	80,014.60
(21,052.66)	117,111.39	96,058.73
8,806,338.51		8,806,338.51
	(2,063,257.35)	(2,063,257.35)
\$ 8,806,338.51	(\$2,063,257.35)	\$ 6,743,081.16

THE CANADIAN WHEAT BOARD
STATEMENT OF FINAL PAYMENT TO PRODUCERS
ON 1942 CROP OATS AND BARLEY EQUALIZATION FEES
P. C. 4450

For the year ended 31st July, 1944

	A m o u n t		
	Oats	Barley	Total
Amounts due to Producers on 1942 Crop Oats and Barley Equalization fees collected to 31st July, 1943.....	\$1,165,053.10	\$481,061.34	\$1,646,114.44
Add: Interest adjustments subsequent to 31st July, 1943.....	9,271.33	4,939.42	14,210.75
	<u>1,174,324.43</u>	<u>486,000.76</u>	<u>1,660,325.19</u>
Deduct: Provision for final payment expenses....	44,871.76	28,994.94	73,866.70
	<u>1,129,452.67</u>	<u>457,005.82</u>	<u>1,586,458.49</u>
Deduct: Levy payable under the Prairie Farm Assistance Act.....	11,182.71	4,524.81	15,707.52
Amount of final payment for which cheques were issued to Producers, 11th March, 1944	<u>\$1,118,269.96</u>	<u>\$452,481.01</u>	<u>1,570,750.97</u>
Deduct: Cheques presented for payment to 31st July, 1944.....			<u>1,527,018.41</u>
Balance payable to Producers, 31st July, 1944, on out- standing final payment cheques — 1942 Crop Oats and Barley Equalization fees — P.C. 4450.....			<u>\$ 43,732.56</u>

THE CANADIAN WHEAT BOARD
 1942 Crop Oats and Barley Account—P.C. 1801
 STATEMENT OF SURPLUS
 For the year ended 31st July, 1944

Surplus resulting from the operations of the Wheat Board on 1942 Crop Oats and Barley Account — P.C. 1801, for the year ended 31st July, 1943.....		\$309,238.28
Add: Interest adjustments to 31st July, 1944.....		14,344.80
Proportion of administrative and general expenses applicable to acreage and quota regulations etc., P.C. 3540 dated 12th May, 1944	\$7,589.17	
Proportion of administrative and general expenses applicable to 1942 Oats and Barley Equalization Payment Account to 31st July, 1943	5,174.10	12,763.27
Surplus resulting from the operations of the Wheat Board on 1942 Crop Oats and Barley Account — P.C. 1801, for the period from 1st August, 1942 to 31st July, 1944.....		<u>\$336,346.35</u>

THE CANADIAN
1943 Crop Rapeseed and Sunflower
STATEMENT

For the year ended

	P o u
	Sun S
Rapeseed and sunflower seed acquired:	
Delivered or to be delivered at Board fixed prices basis F.O.B. shipping points.....	<div>Rapeseed</div> <div>981,476</div> <div>4,55</div>
Rapeseed and sunflower seed sold:	
Completed sales at realized prices basis F.O.B. crusher plants.....	<div>951,132</div> <div>29</div>
Net proceeds from sales.....	
Stocks of rapeseed and sunflower seed on hand, valued at Board fixed prices basis F.O.B. shipping points	<div>30,344</div> <div>4,26</div>
	<div>981,476</div> <div>4,55</div>
Surplus on cash rapeseed and sun- flower seed transactions.....	
Deduct: Carrying costs, interest, administrative and general expenses, etc.	
Storage on rapeseed and sunflower seed stored in terminal elevators.....	
Interest and bank charges.....	
Handling, stop-off, freight charges, etc.....	
Drying and reconditioning charges.....	
Brokerage charges.....	
Administrative and general expenses.....	
Deficit from the operations of the Wheat Board on 1943 Crop Rape- seed and Sunflower Seed Account — P.C. 2894, for the year ended 31st July, 1944.....	

EAT BOARD

Account — P. C. 2894

OPERATIONS

July, 1944

Amount

tal	Rapeseed	Sunflower Seed	Total
5,941	<u>\$54,460.45</u>	<u>\$210,167.69</u>	\$264,628.14
,993	\$52,767.23	\$ 8,256.03	
			\$ 61,023.26
,948	<u>1,693.22</u>	<u>203,511.15</u>	<u>205,204.37</u>
,941	<u>\$54,460.45</u>	<u>\$211,767.18</u>	<u>266,227.63</u>
			1,599.49
			\$ 5,848.70
			4,475.18
			73,461.32
			4,014.04
			2.97
			<u>4,386.66</u>
			<u>92,188.87</u>
			<u>\$ 90,589.38</u>

THE CANADIAN WHEAT BOARD
 1943 Crop Soybeans Account — P. C. 4010
 STATEMENT OF OPERATIONS
 For the year ended 31st July, 1944

	<u>Bushels</u>	<u>Amount</u>
Soybeans acquired:		
Delivered to the Board at established prices basis delivered at Toronto, Winnipeg or Vancouver	<u>1,637-28</u>	<u>\$3,207.43</u>
Soybeans sold:		
Completed sales at realized prices basis delivered at Toronto, Winnipeg or Van- couver	<u>1,637-28</u>	<u>3,210.15</u>
Surplus on cash Soybeans transactions.....		2.72
Deduct: Carrying costs, interest, administrative and general expenses, etc.		
Handling, stop-off charges, etc.....		(\$ 53.15)
Drying and reconditioning charges.....		(11.29)
Administrative and general expenses.....		<u>213.56</u> <u>149.12</u>
Deficit from the operations of the Wheat Board on 1943 Crop Soybeans Account — P.C. 4010, for the year ended 31st July, 1944.....		<u>\$146.40</u>

THE CANADIAN WHEAT BOARD

1942 Crop Soybeans Account — P. C. 2799

STATEMENT OF DEFICIT

For the year ended 31st July, 1944

Deficit from the operations of the Wheat Board on 1942

Crop Soybeans Account for the year ended 31st July, 1943	\$6,715.10
--	------------

Add: Interest and bank charges to 31st July, 1944	204.64
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Deficit from the operations of the Wheat Board on 1942

Crop Soybeans Account — P.C. 2799, for the period from

1st August, 1942 to 31st July, 1944	<u>\$6,919.74</u>
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THE CANADIAN
STATEMENT OF DRAWBACK

For the period from 1st August 1942 to 31st July 1944

Appropriations received from the Receiver General of Canada.....

Deduct: Drawback paid to millers and processors of wheat products.....

Less: Drawback payments recovered from purchasers
other than processors.....

Refunds of excess profits recovered from the Com-
modity Prices Stabilization Corporation Limited.....

Balance, after net payments to millers and processors.....

Deduct: Interest and bank charges.....

Proportion of administrative and general expenses for the
year ended

31st July, 1943.....

31st July, 1944.....

Balance of 1942 appropriations transferred to 1943 Drawback
Account

Balance of appropriations 31st July, 1944.....

Represented by:

Funds on deposit.....

Due from 1943 Crop Account.....

EAT BOARD

COUNT—P.C. 9457, 3438, 6602, 7323

to 31st July, 1944

1942 Drawback Account	1943 Drawback Account	Total
\$7,500,000.00	\$20,000,000.00	\$27,500,000.00
6,729,443.40	19,653,179.22	26,382,622.62
(9,367.44)	(66,731.28)	(76,098.72)
—	(111,267.42)	(111,267.42)
6,720,075.96	19,475,180.52	26,195,256.48
779,924.04	524,819.48	1,304,743.52
(9,747.39)	64,778.00	55,030.61
35,705.84		
—	35,286.64	70,992.48
25,958.45	100,064.64	126,023.09
753,965.59	424,754.84	1,178,720.43
(753,965.59)	753,965.59	—
	\$1,178,720.43	\$1,178,720.43
1,102,888.58		
75,831.85		
1,178,720.43		

THE CANADIAN
STATEMENT OF PROVISIONS FOR
1942 Oats and Barley Equalization Fees; 1943
To 31st July, 1944

Estimated provisions for the expenses of issuing final payments to Producers.....

Deduct: Final payment expenses:

Proportion of administrative and general expenses applicable to
1942 Oats and Barley Equalization Payment for the year ended
31st July, 1943.....

Commissions and exchange etc., paid to banks, payors and agents.....

Adjustment to provide for additional final payment cheques issued
to Producers

Proportion of administrative and general expenses for the period
to 31st July, 1944.....

Add: Interest adjustments on surplus funds accruing subsequent to determin-
ation of final payment prices.....

Balance as at 31st July, 1944, available for completion of final payments to
Producers

EAT BOARD
 AL PAYMENT EXPENSES
 and 1942 Crop Accounts—Western Division
 1944

1942 Oats and Barley Account	1940 Crop Account	1941 Crop Account	1942 Crop Account	Total
73,866.70	\$320,850.00	\$178,250.00	\$213,900.00	\$786,866.70
5,174.10				5,174.10
25,424.38	17,759.84			43,184.22
822.22				822.22
4,679.22	126,192.33	24,582.92	29,499.51	204,953.98
6,099.92	143,952.17	24,582.92	29,499.51	254,134.52
7,766.78	176,897.83	153,667.08	184,400.49	532,732.18
6,210.06	82,459.74	(29,010.03)	(34,561.05)	35,098.72
3,976.84	\$259,357.57	\$124,657.05	\$149,839.44	\$567,830.90

EXHIBIT XIX

THE CANADIAN WHEAT BOARD SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31st July, 1944

Salaries — Board members, officers and staff.....	\$ 868,940.66
Unemployment insurance.....	5,959.40
Advisory Committee — travelling expenses and per diem allowances	6,684.61
Rental and lighting of offices.....	50,367.35
Telephone — exchange service and long distance calls.....	23,274.27
Telegrams and cables.....	11,575.24
Postage and excise stamps.....	38,449.85
Printing and stationery.....	59,493.27
Offices supplies and expenses.....	17,132.41
Travelling expenses.....	21,954.51
Travelling expenses — Inspectors.....	35,834.88
Legal fees.....	8,730.53
Audit fees.....	46,000.00
Tabulating equipment — rental and supplies, etc.....	49,366.38
Repairs and upkeep of office machinery and equipment.....	3,573.23
Grain market publications.....	1,707.89
Bonds and insurance	2,454.61
Grain Exchange dues.....	826.47
Express, freight and cartage on stationery, etc.....	6,129.48
Bailee bank expenses.....	1,424.78
Alterations to offices and fixtures.....	7,455.43
Depreciation on furniture, equipment and automobiles.....	13,482.08
Total administrative and general expenses for the year ended 31st July, 1944	<u>\$1,280,817.33</u>

Allocated to operations as follows:

1939 Crop Account — Western Division.....	\$ 170.00
1940 Crop Account — Western Division.....	154,602.22
1941 Crop Account — Western Division.....	37,960.72
1942 Crop Account — Western Division.....	85,017.92
1943 Crop Account — Western Division.....	436,834.56
Crown Wheat Account — P.C. 7942.....	111,104.09
Special Account — P.C. 1803.....	50.00
Flax Division — P.C. 1800.....	3,056.69
Flax Division — P.C. 7325.....	27,006.08
1942 Crop Oats and Barley Account.....	24,679.22
1943 Crop Oats and Barley Account.....	80,014.60
1943 Crop Soybeans Account.....	213.56
Seeds Division — P.C. 2894.....	4,386.66
Acreage and Quota regulations, etc.....	280,434.37
Drawback Account.....	35,286.64
	<u>\$1,280,817.33</u>

MILLAR, MACDONALD & CO.

CHARTERED ACCOUNTANTS

10th May, 1944

The Canadian Wheat Board,
Winnipeg, Manitoba.

We report that we have examined the books and accounts of The Canadian Wheat Board in which are separately recorded all transactions arising from the sale of wheat delivered to the Board by Producers in the Western Division during the crop year from 1st August, 1940 to 31st July, 1941. Marketing operations on this account were commenced as at 1st August, 1940 and were completed on 27th September, 1943 on which date the remaining cash wheat stocks were vested in His Majesty on the basis of closing prices registered on the Winnipeg Grain Exchange, under authority of Order in Council P.C. 7942 dated 12th October, 1943.

We have reviewed the system of internal control and the accounting procedures of the Board and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The surplus from operations of the Wheat Board on 1940-41 Crop Account, Western Division, for the period from 1st August, 1940 to 27th September, 1943, was \$26,198,149.47, as shown by the accompanying Statement of Operations. The amount available at 30th April, 1944 for final payments on participation certificates in the hands of Producers in connection with the 1940-41 Crop Account is \$26,081,800.16, computed as follows:—

Surplus on operations to 27th September, 1943		\$26,198,149.47
Add: Interest thereon to 30th April, 1944.....		467,953.22
		<u>26,666,102.69</u>
Deduct: Prairie Farm Assistance Act Levy....	\$263,452.53	
Estimated cost of issuing final payments	320,850.00	584,302.53
		<u>584,302.53</u>
Amount payable to Producers as at 30th April, 1944.....		<u>\$26,081,800.16</u>

A total of 395,355,522-20 bushels of wheat was delivered to the Board by Producers in the Western Division during the 1940-41 crop year. The average price realized on sales of this wheat during the period of marketing operations was 92.135 cents per bushel, basis One Hard or One Northern in store Fort William/Port Arthur or Vancouver. The fixed initial advance to Producers of these grades was 70 cents per bushel, and the average cost for storage, interest, and all other expenses, less net revenue from processing levy, was 15.92 cents per bushel, leaving a surplus of 6.215 cents per bushel now payable to Producers who delivered the foregoing grades of wheat to the Board. Payments on grades other than One Hard or One Northern will vary according to the fixed initial discount under One Northern at which each grade was purchased from Producers, and the average of the actual discounts under One Northern at which each grade was ultimately sold.

In our opinion the accompanying Statement of Operations is properly drawn up so as to exhibit a true and correct view of the financial results of operations on 1940-41 Crop Account, Western Division, for the period from 1st August, 1940 to 27th September, 1943, according to the best of our information, the explanations given to us, and as shown by the books of The Canadian Wheat Board. We have obtained all the information and explanations which we have required.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors

THE CANADIAN

1940 Crop Account

STATEMENT

For the period from 1st August 1940 to 27th September, 1943

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....
Delivered through the Clearing Association against long futures contracts held by the Board, at prevailing market prices.....
Transferred from 1939 Crop Account in exchange for long futures contracts held on 1940 Crop Account, basis closing market quotations 31st March 1943

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....
Futures contract exchanged against cash wheat sales.....
Less: Sales.....
Profit on futures contracts acquired in exchange against completed cash wheat sales.....

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Add: Net revenue from processing levy.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Storage on wheat stored on farms.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Additional charges on wheat shipped via Duluth.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1943.....

Add: Proportion of administrative and general expenses for the period from 1st August to 27th September, 1943.....

Less: Expenses applicable to the administration of acreage and quota regulations, etc., from 1st August, 1940 to 27th September, 1943.....

Surplus from operations of the Wheat Board on 1940 Crop Account, Western Division, for the period from 1st August, 1940 to 27th September, 1943.....

Approved:

GEO. MCIVOR,
Chief Commissioner

D. A. KANE,
Assistant Chief Commissioner

C. E. HUNTINGTON,
Commissioner

EAT BOARD

rn Division

RATIONS

o 27th September, 1943

Bushels	Amount		
395,355,522-20	\$268,264,833.89		
2,591,000-00	2,104,406.25		
23,972,719-15	23,979,776.76		
<u>421,919,241-35</u>	\$294,349,016.90		
<u>421,919,241-35</u>	\$356,857,910.72		
0,000-00	\$290,388,693.75		
0,000-00	<u>316,901,636.25</u>		
	26,512,942.50		
		383,370,853.22	
		89,021,836.32	
		5,860,034.12	
		<u>94,881,870.44</u>	
	\$ 32,224,216.29		
	12,437,858.32		
	6,147,457.89		
	<u>8,386,205.00</u>	\$ 59,195,737.50	
		4,455,873.62	
		3,438,674.55	
		103,367.32	
		86,503.24	
		88,267.06	
		508,425.74	
\$ 1,001,724.80			
28,409.89			
<u>1,030,134.69</u>			
223,262.75	806,871.94	68,683,720.97	
		<u>\$ 26,198,149.47</u>	

*This is the Statement of Operations referred to in our report
of this date attached hereto.*

Winnipeg, Manitoba,
May, 1944.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

MILLAR, MACDONALD & Co.

CHARTERED ACCOUNTANTS

August 21st, 1944

The Canadian Wheat Board,
Winnipeg, Manitoba.

We report that we have examined the books and accounts of The Canadian Wheat Board in which are separately recorded all transactions arising from the sale of wheat delivered to the Board by Producers in the Western Division during the crop years from 1st August, 1941 to 31st July, 1942 and from 1st August, 1942 to 31st July, 1943. Marketing operations on these accounts were commenced as at 1st August, 1941 and 1st August, 1942 respectively, and were completed on 27th September, 1943 on which date the remaining cash wheat stocks were vested in His Majesty on the basis of closing prices registered on the Winnipeg Grain Exchange, under authority of Order in Council P.C. 7942 dated 12th October, 1943.

We have reviewed the system of internal control and the accounting procedures of the Board and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

1941-42 Crop Account

The surplus from operations of the Wheat Board on 1941-42 Crop Account, Western Division, for the period from 1st August, 1941 to 27th September, 1943, was \$15,226,321.68, as shown by the accompanying Statement of Operations (Exhibit A). The amount available at 31st August, 1944 for final payments on participation certificates in the hands of Producers in connection with the 1941-42 Crop Account is \$15,305,476.69 computed as follows:—

Surplus on operations to 27th September, 1943.....		\$15,226,321.68
Add: Interest thereon to 31st August, 1944..		412,005.78
		<u>15,638,327.46</u>
Deduct: Prairie Farm Assistance Act Levy..	\$154,600.77	
Estimated cost of issuing final payments	178,250.00	332,850.77
Amount payable to Producers as at 31st August, 1944.....		<u><u>\$15,305,476.69</u></u>

A total of 99,540,491-20 bushels of wheat was delivered to the Board by Producers in the Western Division during the 1941-42 crop year. The average price realized on sales of this wheat during the period of marketing operations was 96.981 cents per bushel, basis One Hard or One Northern in store Fort William/Port Arthur or Vancouver. The fixed initial advance to Producers of these grades was 70 cents per bushel, and the average cost for storage, interest, and all other expenses was 11.645 cents per bushel, leaving a surplus of 15.336 cents per bushel now payable to Producers who delivered the foregoing grades of wheat to the Board. Payments on grades other than One Hard or One Northern will vary according to the fixed initial discount under One Northern at which each grade was purchased from Producers, and the average of the actual premiums or discounts in relation to One Northern at which each grade was ultimately sold.

1942-43 Crop Account

The surplus from operations of the Wheat Board on 1942-43 Crop Account, Western Division, for the period from 1st August, 1942 to 27th September, 1943, was \$19,575,887.27, as shown by the accompanying Statement of Operations (Exhibit B). The amount available at 31st August, 1944 for final payments on participation certificates in the hands of Producers in connection with the 1942-43 Crop Account is \$19,692,770.12, computed as follows:—

Surplus on operations to 27th September, 1943		\$19,575,887.27
Add: Interest thereon to 31st August, 1944....		529,699.72
		<u>20,105,586.99</u>
Deduct: Prairie Farm Assistance Act Levy..	\$198,916.87	
Estimated cost of issuing final payments	213,900.00	412,816.87
		<u>412,816.87</u>
Amount payable to Producers as at 31st August, 1944.....		<u>\$19,692,770.12</u>

A total of 167,505,292-40 bushels of wheat was delivered to the Board by Producers in the Western Division during the 1942-43 crop year. The average price realized on sales of this wheat during the period of marketing operations was 108.866 cents per bushel basis One Hard or One Northern in store Fort William/Port Arthur or Vancouver. The fixed initial advance to Producers of these grades was 90 cents per bushel, and the average cost for storage, interest, and all other expenses was 6.364 cents per bushel, leaving a surplus of 12.502 cents per bushel now payable to Producers who delivered the foregoing grades of wheat to the Board. Payments on grades other than One Hard or One Northern will vary according to the fixed initial discount under One Northern at which each grade was purchased from Producers and the average of the actual premiums or discounts in relation to One Northern at which each grade was ultimately sold.

In the process of computing average premiums or discounts, sales of No. 1 A.R.W. and No. 2 A.W. were pooled and treated as one grade, as were also the Tough and the Smutty of these same grades.

In our opinion the accompanying statements of operations are properly drawn up so as to exhibit a true and correct view of the financial results of operations on 1941-42 and 1942-43 Crop Accounts, Western Division, for the respective periods from 1st August, 1941 to 27th September, 1943 and from 1st August, 1942 to 27th September, 1943, according to the best of our information, the explanations given to us, and as shown by the books of The Canadian Wheat Board. We have obtained all the information and explanations which we have required.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors

THE CANADIAN

1941 Crop Account

STATEMENT

For the period from 1st August 1941 to 27th September, 1943

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Profit on futures contracts acquired in exchange against completed cash wheat sales.....

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Storage on wheat stored on farms.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1943.....

Add: Proportion of administrative and general expenses for the period from 1st August to 27th September, 1943.....

Less: Expenses applicable to the administration of acreage and quota regulations etc., from 1st August, 1941 to 27th September, 1943.....

Surplus from operations of the Wheat Board on 1941 Crop Account, Western Division, for the period from 1st August, 1941 to 27th September, 1943.....

Approved:

GEO. McIVOR,
Chief Commissioner

D. A. KANE,
Assistant Chief Commissioner

C. E. HUNTING,
Commissioner

EAT BOARD

ern Division

RATIONS

to 27th September, 1943

Bushels		Amount	
	<u>99,540,491-20</u>		\$65,878,307.61
	<u>99,540,491-20</u>	\$87,418,767.12	
,555,000-00		\$64,421,161.25	
<u>,555,000-00</u>		<u>69,777,382.50</u>	
		<u>5,356,221.25</u>	
			<u>92,774,988.37</u>
			26,896,680.76
	\$ 7,437,131.42		
	851,780.54		
	648,637.37		
	<u>1,051,111.25</u>	\$ 9,988,660.58	
		187,264.11	
		1,027,883.68	
		15,849.05	
		18,602.75	
		106,035.89	
	\$ 425,236.10		
	<u>13,377.80</u>		
	438,613.90		
	<u>112,550.88</u>	<u>326,063.02</u>	<u>11,670,359.08</u>
			<u>\$15,226,321.68</u>

This is the Statement of Operations (Exhibit A.) referred to in our report of this date attached hereto.

n peg, Manitoba,
t. ugust, 1944.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN

1942 Crop Account

STATEMENT

For the period from 1st August 1942 to 27th September, 1943

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver.....

Futures contracts exchanged against cash wheat sales.....

Less: Sales.....

Loss on futures contracts acquired in exchange against completed cash wheat sales.....

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators.....

Transfer of futures to deferred months.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage and Clearing Association charges.....

Administrative and general expenses to 31st July, 1943 (less subsequent adjustment of \$234.02).....

Add: Proportion of administrative and general expenses for the period from 1st August to 27th September, 1943.....

Less: Expenses applicable to the administration of acreage and quota regulations, etc., from 1st August, 1942 to 27th September, 1943.....

Surplus from operations of the Wheat Board on 1942 Crop Account, Western Division, for the period from 1st August, 1942 to 27th September, 1943.....

Approved:

GEO. MCIVOR,
Chief Commissioner

D. A. KANE,
Assistant Chief Commissioner

C. E. HUNTING,
Commissioner

EAT BOARD

ern Division

RATIONS

o 27th September, 1943

Bushels	Amount		
<u>167,505,292-40</u>			\$139,688,579.24
<u>167,505,292-40</u>		\$171,355,207.16	
5,000-00	\$93,749,967.50		
<u>5,000-00</u>	<u>92,436,858.75</u>		
		<u>1,313,108.75</u>	
			<u>170,042,098.41</u>
			30,353,519.17
	\$10,225,911.97		
	131,778.74		
	<u>(1,216,053.75)</u>	\$ 9,141,636.96	
		175,938.37	
		896,073.57	
		13,727.93	
		(19,907.57)	
		102,225.59	
	\$ 567,996.87		
	<u>55,518.41</u>		
	623,515.28		
	<u>155,578.23</u>	<u>467,937.05</u>	<u>10,777,631.90</u>
			<u>\$ 19,575,887.27</u>

This is the Statement of Operations (Exhibit B.) referred to in our report of this date attached hereto.

ir
peg, Manitoba,
st August, 1944

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.



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REPORT
of
The Canadian Wheat Board

Crop Year 1944-1945

REPORT
of
The Canadian Wheat Board

Crop Year 1944-1945

Report of The Canadian Wheat Board

Crop Year 1944-45

To:

The HONOURABLE JAMES A. MACKINNON,

Minister of Trade and Commerce,

OTTAWA, Canada.

The Board continued throughout the crop year of 1944-45 to administer a broad programme relating to wheat, coarse grains and oilseeds, the major outlines of which remained substantially unchanged from the programme of the preceding crop year.

Within the framework of this policy, there were significant changes in the marketing and transportation problems dealt with by the Board. In the preceding crop year there was a very heavy movement of western grains to the United States and to Eastern Canada for feed purposes. In 1944-45 wheat import requirements of the United States were greatly reduced and the movement of feed grains and low grade wheat to Eastern Canada was somewhat smaller. The predominant movement of wheat in 1944-45 was eastward through Atlantic ports to the United Kingdom, Continental Europe and the Mediterranean area. As a consequence, a very high percentage of grain shipped from country elevators passed through Fort William and Port Arthur, and through intervening facilities to the Atlantic seaboard. Shipments to and from the Lakehead reached the highest levels in the history of the Canadian grain trade. This record and highly concentrated movement were not accomplished without recurring problems in respect to transportation and the maximum use of elevators and available port capacities.

Since the high rate of wheat exports established in 1943-44 was fully maintained in the crop year under review and domestic consumption was the highest on record, year-end stocks of wheat on July 31st, 1945 were about 100 million bushels lower than on July 31st, 1944. Policies pursued in respect to the selling price of export wheat and the price basis upon which the domestic market was supplied are described in a separate section of this Report.

The effective co-ordination of effort between grain handling agencies, the railways, lake carriers and the Board continued in 1944-45 and enabled Canadian wheat to play a vitally important part in the final year of the war in Europe.

With the liberation of progressively larger areas of Europe, the function of the Cereals Committee* of the Combined Food Board in programming available export supplies of wheat to the various importing countries became increasingly important and complex. The work of this Committee contributed in substantial measure to the efficient planning of the maximum movement of Canadian grain.

* The Cereals Committee of the Combined Food Board is under the Chairmanship of George Melvor, Chief Commissioner, The Canadian Wheat Board, and consists of representatives of Australia, Canada, the United Kingdom and the United States. (The Committee has since been enlarged.)

The crop year of 1944-45 coincided with the final phase of the war in Europe. It is appropriate at this time to set forth the broad features of the Canadian wheat position during the years of the conflict, in order that developments of the crop year 1944-45 may be seen in proper relationship to the larger wartime experience. The following table shows initial stocks, annual production, total supplies and the disposition of supplies for the ten-year period prior to the war and for the six-year wartime period:

<u>Crop Years</u>	<u>Annual Supplies</u>			<u>Annual Disposition</u>		
	<u>Initial Stocks</u>	<u>Annual Production</u>	<u>Total Supplies</u>	<u>Domestic Requirements</u>	<u>Exports</u>	<u>Year-end Stocks</u>
			(million bushels)			
Av. 1929-30 to 1938-39						
(10 pre-war-years)	135	309	444	110	199	135
1939-40	103	521	624	131	193	300
1940-41	300	540	840	129	231	480
1941-42	480	315	795	145	226	424
1942-43	424	557	981	171	215	595
1943-44	595	284	879	179	344	356
1944-45	356	436	792	191	343	258
Av. 1939-40 to 1944-45	376	442	818	158	259	402

It will be noted from this table that in the first four crop years of the war, exports of Canadian wheat (including flour) ranged from 193 million bushels to 231 million bushels — only slightly above or below the average for the ten pre-war years. Of the four crops harvested during the same years, three yielded over 500 million bushels. Exports and rising domestic requirements fell far short of absorbing the phenomenal production of the 1939-1942 period, and consequently year-end stocks rose steadily to a level of 595 million bushels on July 31st, 1943. This reserve stock of wheat not only filled the greater part of permanent storage capacity in Canada and temporary capacity erected during the war, but nearly 200 million bushels were stored on farms.

In the final two crop years of the war period, crops fell off to an average of 360 million bushels, and at the same time the demand for Canadian wheat increased sharply. During the crop year 1943-44 the United States imported about 160 million bushels of Canadian wheat to supplement feed supplies. Although the United States demand subsided in the following crop year, it was more than offset by increased demand for wheat from overseas countries. In the two crop years ending July 31st, 1945, Canada provided importing countries with 687 million bushels of wheat (including flour), or an average of 28.6 million bushels each month from August 1st, 1943 to July 31st, 1945.

In spite of the heavy outward movement in the latter stages of the war and in the early post-war months, the carryover on July 31st, 1945, was 258 million bushels as compared with the wartime peak of 595 million bushels and the ten-year pre-war average of 135 million bushels. Thus, on July 31st, 1945, there remained a

substantial volume of wheat from our wartime reserve, which, along with the 1945 crop, was destined to play an important part in meeting the needs of the importing countries during the transition from war to peace.

The increase in the demand for Canadian grains during the later stages of the war is illustrated by the following table.

*Disappearance of Commercial Stocks of Canadian Grains **

	<u>Wheat</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>	<u>Flax</u>	<u>Total</u>
			(million bushels)			
1939-40	241	40	23	3	1	308
1940-41	273	34	22	4	3	336
1941-42	280	33	26	7	5	351
1942-43	270	92	63	4	9	438
1943-44	428	136	91	9	15	679
1944-45	423	141	87	7	8	666

* This table includes grain shipped to Eastern Canada and British Columbia under the Freight Assistance policy, but does not include all other farm use.

Commercial disappearance of all grains reached a level of 666 million bushels in 1944-45 as compared with a record figure of 679 million bushels in 1943-44. Commercial disappearance of wheat amounted to 423 million bushels as compared with 428 million bushels in the previous crop year.

On August 1st, 1944, after allowing for working space, there was about 100 million bushels of storage space available in country elevators as compared with about 10 million bushels at the start of the previous crop year. Consequently, country elevator congestion was not as severe as in immediately preceding years, except in some northern areas where high yields per acre were harvested and pressure on storage space continued for the greater part of the crop year. Owing to the urgency of keeping abreast of market demand, it was necessary at times for the Board to direct car supply to areas most readily available to the Lakehead, rather than to areas where space was required for producers' deliveries. This was not a decision which the Board would normally choose to make, but on several occasions during the crop year urgency of demand had to take precedence over relief of congestion in country elevators.

1944-45 GRAIN AND OILSEED PROGRAMME

During the crop year 1944-45, The Canadian Wheat Board administered the following grain and oilseed programme, and other wartime activities of the Dominion Government:

(1) Wheat

The wheat price and marketing policy introduced on September 27th, 1943, and set out in Order in Council P.C. 7942, dated October 12th, 1943, was made effective by that Order until July 31st, 1945. The details of that policy were given in the Report of the Board for

the crop year 1943-44. In view of their importance to the operations of the Board in the 1944-45 crop year, the major elements of Order in Council P.C. 7942 are outlined as follows:

- (1) The discontinuance of trading in wheat futures on the Winnipeg Grain Exchange;
- (2) The acquisition by the Board, on behalf of the Dominion Government, of all stocks of unsold cash wheat in Canada on the basis of the closing prices on September 27th, 1943;
- (3) The raising of the fixed initial price from 90¢ per bushel to \$1.25 per bushel for No. 1 Northern wheat basis in store Fort William/Port Arthur or Vancouver;
- (4) The closing out of the 1940-41, 1941-42 and 1942-43 Wheat Board Crop Accounts on the basis of closing market prices on September 27th, 1943;
- (5) The use of Government-owned wheat (Items 2 and 4 above) to meet requirements under Mutual Aid and to provide wheat for subsidized domestic purchasers.

In addition to the terms of Order in Council P.C. 7942 which applied during the crop year 1944-45, two additional Orders in Council affecting wheat policy were passed during the crop year under review. These were Order in Council P.C. 1116, dated February 20th, 1945, and Order in Council P.C. 4647, dated July 5th, 1945. These Orders in Council, reviewed elsewhere in this Report, dealt with:

- (a) The provision of additional wheat for Crown Account;
- (b) The provision of wheat for the domestic market.

(2) Wheat—Limitation of Marketings

In the regulations covering the operations of the Board for 1944-45 no limitation on deliveries of wheat in the West was stipulated, it being understood that consideration of the need for such a limitation would be delayed until the size of 1944 crops became apparent. It was subsequently decided that, in view of expanding market demand and the extent of 1944 production of grains, an over-all limitation on wheat marketings was necessary. Wheat delivery quotas were entirely removed on May 4th, 1945.

(3) Ontario Winter Wheat

In 1939 The Canadian Wheat Board Act was amended to provide that the terms of the Act shall apply mutatis mutandis to wheat produced in the Eastern Division. Under the Act, the Board is required to recommend a fixed initial price for wheat in the Eastern Division, or, in practice, for Ontario winter wheat. From 1939-40 to 1943-44 the Board carried out its obligations under Section 14 of the Act. In 1941-42, 1942-43 and 1943-44 the Dominion Government provided that the Board would only receive Ontario winter wheat if the market price for Ontario wheat fell below stated levels. Actually, in these three latter crop years, the Board provided a floor price for Ontario winter wheat, but was not called upon to purchase wheat in implementing the floor price.

On December 2nd, 1941 a ceiling of \$1.26 per bushel for Ontario winter wheat was made effective and has continued up to the present

time. On September 27th, 1943 the fixed initial price of Western wheat was increased from 90 cents per bushel to \$1.25 per bushel for No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver. In accordance with the Board's interpretation of Section 14 of The Canadian Wheat Board Act, it would have felt duty bound to recommend a fixed initial price for Ontario winter wheat of \$1.25 per bushel for top grades, basis in store Montreal. With a ceiling of \$1.26 per bushel basis in store Montreal, it was recognized that there was little justification for Board operation in respect to Ontario winter wheat on the basis of a fixed initial price of \$1.25 per bushel. Board operations under such circumstances would result in a loss to the Dominion Treasury and in producers receiving slightly less for their wheat. Producers would receive participation certificates which would be valueless.

Under the circumstances, the Dominion Government provided the following policies applicable to Ontario winter wheat during the crop year 1944-45:

- (1) The Board was exempted from carrying out its obligations under Section 14 of The Canadian Wheat Board Act (Order in Council P.C. 5640, July 21st, 1944);
- (2) The Board was charged with the responsibility of maintaining a floor price of \$1.25 per bushel for top grades of Ontario winter wheat, basis in store Montreal (Order in Council P.C. 5640, July 21st, 1944);
- (3) The Wartime Prices and Trade Board passed an Order restricting dealers' margins to 3 cents per bushel (Order No. 423, July 27th, 1944);
- (4) The Dominion Government recognized that Ontario producers, marketing wheat in 1944-45, were entitled to share in export prices obtainable for flour made from Ontario winter wheat to the extent that these prices were in excess of domestic ceiling prices plus forwarding costs. Under Order in Council P.C. 6848, dated September 1st, 1944, the Ontario Wheat Flour Equalization Fund was established, and it became the responsibility of the Board to assess equalization fees against Ontario wheat flour sold for export. The equalization fees established by the Board were approximately equivalent to the difference between Canadian prices and export prices for Ontario wheat flour, allowing for necessary forwarding costs. The fee, in practice, was variable, depending upon going export prices. The first Ontario Wheat Flour Equalization Fund was closed on June 30th, 1945.

(4) Barley—Minimum and Maximum Prices

The barley programme established for 1943-44 was continued by Order in Council P.C. 5998 of July 31st, 1944, for the 1944-45 crop year. Under this programme, The Canadian Wheat Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William/Port Arthur: No. 1 Canada Western 2 Row or 6 Row Barley, or No. 2 Canada Western 2 Row or 6 Row — 60¢ per bushel; No. 3 Canada Western — 58¢ per bushel; or No. 1 Feed — 56¢ per bushel.

The maximum price of barley is 64 $\frac{3}{4}$ ¢ per bushel basis in store Fort William/Port Arthur or Vancouver.

(5) Oats—Minimum and Maximum Prices

The 1943-44 oats programme was continued for 1944-45 by Order in Council P.C. 5998, July 31st, 1944. Under this programme The Canadian Wheat Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William/Port Arthur: No. 2 Canada Western Oats — 45¢ per bushel; Extra No. 3 Canada Western, No. 3 Canada Western or Extra No. 1 Feed — 42¢ per bushel; or No. 1 Feed — 40¢ per bushel.

(6) Flaxseed—Fixed Prices

For the crop year 1944-45 The Canadian Wheat Board was designated the sole agency to receive commercial flaxseed from producers in Canada. Under Order in Council P.C. 1350 dated March 6th, 1944, The Canadian Wheat Board was empowered to buy flaxseed at \$2.75 per bushel basis No. 1 Canada Western Flaxseed in store Fort William/Port Arthur or Vancouver, and the grade No. 1 Canada Eastern Flaxseed in store Montreal. Under the same Order the Board was required to sell flaxseed on the domestic market at \$1.64 per bushel basis No. 1 Canada Western Flaxseed in store Fort William/Port Arthur, and No. 1 Canada Eastern Flaxseed in store Montreal.

(7) Sunflower Seed and Rapeseed—Guaranteed Prices

Under Order in Council P.C. 4131 of June 1st, 1944, the Board was empowered to buy sunflower seed and rapeseed from producers on the basis of 5¢ per pound and 6¢ per pound respectively, for top grades f.o.b. shipping points designated by the Board. By Order in Council P.C. 8060 of October 20th, 1944, the Board's power to purchase rapeseed at the established prices was limited to the Western Division. The Order in Council provided that sunflower seed and rapeseed so purchased should be in reasonably clean condition and with a moisture content not exceeding limits to be established by the Board.

(8) Drawback on Wheat Products

Under Order in Council P.C. 7319 dated September 19th, 1944, The Canadian Wheat Board was charged with the administration of drawbacks paid in respect to flour and other human foods containing wheat, sold and delivered in Canada between August 1st, 1944 and July 31st, 1945.

(9) Price Ceilings on Whole Grains

The Board continued to act as administrator of ceiling prices on whole grains on behalf of the Wartime Prices and Trade Board.

(10) Equalization Funds

Under provisions of Order in Council P.C. 5998 dated July 31st, 1944, the Board continued to administer the Barley Equalization Fund

and the Oats Equalization Fund. As in the preceding crop year, the Dominion Government guaranteed the Equalization Funds to the extent of 10¢ per bushel on oats and 15¢ per bushel on barley. Payments to the extent of the guarantee were made to producers at the time of delivery and were known as Advance Equalization Payments. Provision was also made for Advance Equalization Payments to producers in connection with farm-to-feeder or farm-to-farm sales.

DEVELOPMENT OF THE 1944 CROP

(a) Acreages

In 1943, at a time when Canada was carrying unprecedented stocks of wheat, wheat acreage declined to 16,849,700 acres as compared with 21,586,000 acres in 1942. In 1944 wheat acreage increased to 23,284,200 acres but still remained below pre-war levels. In the Prairie Provinces wheat acreage increased to 22,443,800 acres in 1944 as compared with 16,091,000 acres in 1943, and an average of 24,600,000 for the five years prior to the war. The acreage sown to oats, barley and flaxseed in the Prairie Provinces was about 4 million acres below the area seeded to these crops in 1943.

(b) Growing Conditions

An early and comparatively dry spring permitted the rapid completion of seeding in the Prairie Provinces. Timely rainfall in May and June contributed to the favourable development of the wheat crop in the West with the exception of south-eastern and parts of south-western Alberta, as well as south-western Saskatchewan. The wheat crop continued to improve through the remainder of the growing season, but coarse grains showed some deterioration. Unfavourable weather caused an appreciable delay in harvesting, particularly in Manitoba, but there was only slight damage to the crop from weathering.

The following table shows grain production in Canada and in the Prairie Provinces in 1941, 1942, 1943 and 1944:

Grain Production in Canada and Prairie Provinces

	All Canada				Prairie Provinces			
	1941	1942	1943	1944	1941	1942	1943	1944
		(million bushels)				(million bushels)		
Wheat.....	315	557	284	436	296	529	268	411
Oats.....	306	652	482	500	178	500	392	371
Barley.....	111	259	216	195	95	241	204	178
Rye.....	12	25	7	9	10	23	6	7
Flax.....	6	15	18	10	6	15	18	9
Total.....	750	1,508	1,007	1,150	585	1,308	888	976

The increase of approximately 150 million bushels in total grain production was more than offset by substantial reductions in the carryovers of all grains on July 31st, 1944 as compared with July 31st, 1943.

(c) Total Supplies

Total supplies of each of the major grains for 1944-45 showed declines varying from almost 90 million bushels for wheat to about 20 millions in the case of oats. The disappearance of all grains into both domestic and export markets for the second successive year was substantially in excess of annual production, causing a heavy withdrawal from reserve stocks of grain in Canada.

Total Supplies of Grain—Canada

	Wheat		Oats		Barley		Rye		Flaxseed	
	1943-4	1944-5	1943-4	1944-5	1943-4	1944-5	1943-4	1944-5	1943-4	1944-5
	(million bushels)									
Carryover										
July 31st....	595	356	149	109	69	46	15	6	4	4
Production...	284	436	482	500	216	195	7	9	18	10
Total.....	879	792	631	609	285	241	22	15	22	14

MARKETINGS, EXPORTS AND BOARD RECEIPTS

(a) Marketings and Board Receipts

Commencing the crop year with a greatly improved storage position at country points in most areas in the West, wheat marketings were heavy during the fall months. By the end of December nearly 220 million bushels of wheat had been delivered by producers.

Marketings of wheat during the crop year 1944-45 amounted to 352.9 million bushels, including about 500,000 bushels marketed under extensions of 1943-44 permits. In accordance with the terms of Order in Council P.C. 7942 of October 12th, 1943, all deliveries of wheat in 1944-45 were made to the Board. The following table shows receipts from producers, by months, for the crop year 1944-45.

Board Receipts

	(Bushels)
August, 1944.....	9,258,333-45
September.....	46,513,899-05
October.....	66,490,873-50
November.....	55,139,337-35
December.....	26,659,391-15
January, 1945.....	37,668,447-55
February.....	14,497,372-10
March.....	14,363,018-35
April.....	16,745,991-15
May.....	12,923,405-20
June.....	18,928,326-25
July.....	33,208,903-05
Total.....	352,397,300-15

Since the farm carryover of wheat was reduced from 53.9 million bushels on July 31st, 1944, to 28.6 million bushels on July 31st, 1945, deliveries included substantial quantities of old crop wheat.

(b) Exports

Overseas clearances and exports of Canadian wheat in 1944-45 amounted to 280 million bushels as compared with 283 million bushels in 1943-44. Flour exports continued at a very high level and amounted to the equivalent of 63 million bushels as compared with 61 million bushels in 1943-44. Total exports of wheat and flour for the crop year 1944-45 amounted to 343 million bushels as compared with 344 million bushels in 1943-44.

The direction of exports of Canadian wheat in 1944-45 changed materially from that of 1943-44. During 1944-45 the United Kingdom took nearly one-half of Canadian exports of wheat. United States imports of Canadian wheat dropped to 42 million bushels as compared with 160 million bushels in the previous crop year. Other large importers of Canadian wheat in 1944-45 were: France, Greece, Portugal, India, Belgium and Eire. In the main, the export movement of Canadian wheat in 1944-45 was to European destinations, reflecting significant international developments during the period under review.

(c) Western Prices

Under Order in Council P.C. 7942, October 12th, 1943, and effective until July 31st, 1945, the Board was required to pay producers a fixed initial price of \$1.25 per bushel basis No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver. Order in Council P.C. 5942, July 28th, 1944, established Board prices for principal grades of wheat, and Board prices for lower grades of wheat were established by Orders in Council P.C. 6450, August 14th, 1944, and P.C. 6853, September 1st, 1944.

(d) Eastern Division

Under Order in Council P.C. 5640, July 21st, 1944, the Board was charged with the responsibility of guaranteeing a minimum price of \$1.25 per bushel for No. 1 Canada Eastern winter wheat, basis in store Montreal, and corresponding prices for other grades.

As prices for Canada Eastern winter wheat remained at ceiling levels throughout 1944-45, it was not necessary for the Board to take delivery of wheat pursuant to maintaining the floor price.

OATS

(a) Minimum Prices

Order in Council P.C. 5998 dated July 31st, 1944, empowered the Board to maintain minimum prices for oats through purchases of either futures or cash oats. During the crop year 1944-45 price-supporting action involved purchases of oats futures totalling 896,000 bushels, which were re-sold during the crop year at a small profit.

(b) Exports

During the crop year 85.8 million bushels of oats (including processed oats) were exported as compared with 74.7 million bushels for 1943-44. Of these totals, 69.7 million bushels in 1944-45 and 71.9 million bushels in 1943-44 went to the United States. During the crop year shipments under the Freight Assistance policy amounted to 42.6 million bushels — a reduction of about 9 million bushels from the level of 1943-44.

BARLEY

(a) Minimum Prices

The Board was empowered by Order in Council P.C. 5998 dated July 31st, 1944, to maintain minimum prices for barley during 1944-45. As barley prices remained over ceiling levels throughout the crop year, it was not necessary for the Board to support the price of barley.

(b) Exports

During the crop year 39.4 million bushels of barley were exported as compared with 36.1 million bushels in 1943-44. Of these amounts, 35.8 million bushels in 1944-45 and 35.8 million bushels 1943-44 went to the United States. As in previous years, barley exports to the United States were largely of types suitable for malting in that country. Shipments under the Freight Assistance policy were 30.5 million bushels, approximately 7.5 million bushels less than in the preceding crop year.

FLAXSEED

In the Board's Report for the crop year 1943-44 the surplus of the 1943 crop account was shown at \$1,156,510.56 with 2,592,344 bushels unsold at July 31st, 1944. Owing to the excess of the export price received over the inventory valuation at July 31st, 1944, the 1943 crop account showed a final surplus of \$1,675,676.98.

During the crop year 1944-45 the Board took delivery from producers and others of 7,244,348 bushels, under authority of Order in Council P.C. 1350, dated March 6th, 1944, and took over from the 1943 crop 18.989-23 bushels of flaxseed to enable the operations of that account to be completed. Together with the stocks carried over at July 31st, 1944, this made available total supplies of 9,869,473 bushels.

Total sales during the crop year amounted to 8,333,333-37 bushels, leaving stocks at July 31st, 1945, of 1,536,139-13 bushels. Sales in the domestic market amounted to 4,588,802 bushels, and in the export market 3,744,531 bushels. Export sales were made almost

exclusively to buyers in the United States, and the average price received was \$3.10 per bushel, basis No. 1 C.W. Flaxseed in store Fort William/Port Arthur.

Since well over one-half of 1944-45 flax sales were to domestic buyers at the ceiling price of \$1.64 per bushel*, basis No. 1 C.W. Flaxseed in store Fort William/Port Arthur, the Flaxseed Account showed a deficit of \$3,169,616.91 as at July 31st, 1945, subject to the marketing of the balance of the stocks.

* Under Order in Council P.C. 1350 dated March 6th, 1944, the Board was required to sell flaxseed on the domestic market at \$1.64 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur.

SUNFLOWER SEED AND RAPESEED

The 1943-44 deficit incurred by the Board in handling sunflower seed and rapeseed to July 31st, 1944, was shown in our Report of last year as being \$90,589.38. This figure has been increased to \$100,412.27 at July 31st, 1945, due to the necessity of carrying large supplies of 1943 crop sunflower seed throughout the 1944-45 crop year and into the 1945-46 crop year. On July 31st, 1945, 824,827 pounds of sunflower seed of the 1943 crop were still being carried.

The Board, through an arrangement with the Vegetable Oils & Fats Administrator, resells its purchases of sunflower seed and rapeseed at the purchase price, assumes carrying charges, all transportation costs of delivery to the Board, and the costs involved in maintaining its holding of these seeds in proper condition until they are finally distributed to processors. The deficits that are inevitable under a programme of this kind are chargeable to the Dominion Treasury under the War Appropriations Act.

In the 1944-45 crop year Board purchases of rapeseed were 3,485,845 pounds, and of sunflower seeds, 4,486,272 pounds. In the course of the crop year all rapeseed stocks were disposed of, but at July 31st, 1945 there remained unsold 4,351,500 pounds of sunflower seed. The expansion of crushing plant capacity suggests that in the future these oilseeds will move out of storage more promptly than has been the case in the past two years, thereby avoiding the difficulty and expense involved in storing and maintaining the condition of stocks over a long period of time. As at July 31st, 1945, the 1944 crop deficit on these seeds amounted to \$93,866.09.

EQUALIZATION FUNDS

(a) Oats and Barley Equalization Funds

Increased eastern production of feed grains, relative to demand, reduced the volume of shipments under the Freight Assistance programme and released greater quantities of western oats and barley for export. The export market absorbed almost 60 per cent of total oats deliveries during the crop year, and slightly more than 50 per cent of barley deliveries.

Advance equalization payments made to producers exceeded the amounts collected as equalization fees levied on oats exports, and the resultant deficit in the Oats Equalization Fund was \$1,421,430.68. On the other hand, the proceeds of equalization fees assessed on barley exports exceeded advance equalization payments to producers by \$6,044,880.25. This surplus in the Barley Equalization Fund makes possible a further payment of 7.59 cents per bushel to those producers who received advance payments from the Barley Equalization Fund.

The deficit in the Oats Equalization Fund arose from a sharp decline in the level of equalization fees, which was only partially offset by the moderate increase in the volume of exports. Since the two Funds are separate and distinct, the deficit in the Oats Equalization Fund will not affect the distribution of the surplus in the Barley Equalization Fund. The Oats Fund deficit will be absorbed by the Dominion Government.

MONTHLY RANGE OF EQUALIZATION FEES

August 1944 to July 1945 Inclusive

OATS

	East	West	B.C.
August, 1944.....	18 - 33¢	13 - 33¢	13 - 33¢
September.....	6 - 18	2 - 13	2 - 13
October.....	13 - 21	10 - 18	10 - 18
November.....	17 - 21	12 - 18	12 - 18
December.....	16 - 17	11 - 12	8 - 12
January, 1945.....	16 - 20	11 - 20	8 - 12
February.....	15 - 22	15 - 17	10 - 11
March.....	15 - 22	15 - 17	10 - 12
April.....	17 - 22	17 - 18	12 - 13
May.....	14 - 18	14 - 18	11 - 12
June.....	15 - 21	15 - 21	11 - 14
July.....	19 - 21	19 - 21	14 -

BARLEY

	East	West
August, 1944.....	47 - 50¢	43 - 46¢
September.....	49 - 50	45 - 46
October.....	49	45
November.....	49	45
December.....	49	45
January, 1945.....	49	45
February.....	49 - 50	45 - 46
March.....	49	45
April.....	49	45
May.....	49	45
June.....	49	45
July.....	49	45

(b) Ontario Wheat Flour Equalization Fund

Pursuant to Order in Council P.C. 1638 of March 8th, 1945, the Board levied equalization fees on exports of Ontario wheat flour. The equalization fees were approximately equivalent to the difference between the domestic price and the export price for Ontario wheat flour plus forwarding costs. The fees established by the Board were variable, depending upon fluctuations in the export price of Ontario wheat flour.

During the crop year 1944-45 equalization fees were levied against 357,748 barrels of Ontario wheat flour exported, and, as provided in the Order in Council, the Ontario Wheat Flour Equalization Fund for 1944-45 was closed out as at June 30th, 1945, resulting in a surplus payable to producers of \$198,317.83 before making provision for the costs of final payment. During 1944-45 Ontario dealers reported marketings of 6,274,203 bushels, as required under Wartime Prices and Trade Board Order No. 428, dated July 27th, 1944. In administering the Ontario Wheat Flour Equalization Fund, the Board desires to point out that only a relatively small percentage of the Ontario winter wheat crop is actually exported in the form of flour, and that under the circumstances any payment from the Equalization Fund must, of necessity, be relatively small.

SALES AND PRICE POLICY

The Board's operations became more complex and more extended as the war progressed; consequently, sales and price policy which governed Board operations during 1944-45 should be set forth in some detail.

In regard to sales policy, one basic fact must be emphasized; to the limit of transportation and port capacities available, every demand for Canadian wheat was met during the crop year 1944-45. With due regard to the volume of wheat which was being carried in Canada during the crop year, the Board felt that its duty was to market every possible bushel of wheat which could be sold under existing conditions. This sales policy was more than justified by the fact that in the final year of the war in Europe demand for Canadian wheat was urgent, and failure to meet that demand would have had far-reaching repercussions. This was the basic factor in the pressing wheat sales policy pursued by the Board in 1944-45.

In 1944-45 the Board had the following wheat available:

- (a) The balance of Crown wheat supplies acquired on September 27th, 1943, in accordance with the Order in Council P.C. 7942;
- (b) The balance of wheat delivered to the Board by producers in 1943-44;
- (c) Wheat delivered to the Board by producers during the crop year 1944-45.

The wheat taken over on September 27th, 1943, including wheat remaining in the Board's 1940-41, 1941-42 and 1942-43 Accounts — nearly 300 million bushels — became the property of the Dominion Government and subsequently became known as "Crown" wheat. The original stock of Crown wheat as acquired on September 27th,

1943, was used by the Dominion Government to supply the domestic market and to supply the United Kingdom and other countries receiving Mutual Aid, and for any other overseas distribution by the Dominion Government. There was sufficient Crown wheat on hand on August 1st, 1944, to meet these purposes until January 16th, 1945.

When it was known that Crown wheat was exhausted it became necessary to introduce authority whereby Crown Account could continue its selling operations, particularly in regard to Mutual Aid.

In order to accomplish this purpose the Dominion Government issued Order in Council P.C. 1116, dated February 20th, 1945,* which directed the Board to proceed as follows:

- (1) To purchase for Crown Account sufficient wheat from the 1943 and 1944 Crop Accounts to cover Mutual Aid sales by Crown for the period January 16th, 1945, to February 28th, 1945, at Class II prices prevailing on the date of each Mutual Aid sale;
- (2) To purchase for Crown Account sufficient wheat from the 1943 Crop to cover domestic sales by Crown for the period January 16th, 1945 to February 28th, 1945, at \$1.25 per bushel, basis Number One Manitoba Northern in store Fort William/Port Arthur;
- (3) To purchase for Crown Account 100 million bushels of wheat from the 1943 and 1944 Crop Accounts at \$1.43 per bushel for Number One Manitoba Northern, basis in store Fort William/Port Arthur to cover Mutual Aid sales contracted after February 28th, 1945. (These purchases were made as at March 1st, 1945, at the prevailing Class II price of \$1.46 per bushel for One Northern on January 29th, 1945. The spread of 3¢ between the Class II price and the purchase price was allowed to Crown Account in lieu of ultimate carrying charges incurred between March 1st, 1945, and the final date of each Mutual Aid sale.)

From August 1st, 1944, substantial sales of wheat were made from the 1943-44 Board Account at the Board's Commercial or Class II price. Order in Council P.C. 1116 provided for the disposal of further stocks of wheat in the 1943-44 Board Account: (a) by stipulating that wheat from the 1943-44 Board Account should be used to provide domestic requirements from the date Crown wheat was exhausted until July 31st, 1945; and (b) by providing for the sale of stocks of 1943-44 Board wheat to Crown Account for Mutual Aid purposes. As a result of this arrangement, final accounting in respect to the 1943-44 Board Account could not be completed until domestic sales to July 31st, 1945, were finalized and until many adjustments arising from wartime sales were made. On wheat provided for the domestic market out of the 1943 Crop Account, producers neither gained nor lost, as the Board sold such wheat at initial cost and reimbursed the 1943 Crop on an average per bushel carrying charge rate for all domestic sales. The arrangement in respect to supplying the domestic market was within the general price control policy of the Dominion Government as in effect at the time.

* Effective date amended to read "close of business, February 28th, 1945." by Order in Council P.C. 4647, July 5th, 1945.

Details of sales from Crown Account, the 1943-44 Board Account and the 1944-45 Board Account are included in the financial statements in this Report.

The Board's Class II Price

During 1944-45 the Board's Class II price (at which producers' wheat was sold) continued on substantially the same basis that was in effect from the closing of the market on September 27th, 1943. The Board's Class II price fluctuated with wheat prices on United States markets, but preserved as nearly as possible the price relationship which existed between Canadian and United States wheat prices on September 27th, 1943. For example, the Chicago near-by futures was \$1.49 on September 27th, 1943 when trading in wheat futures in Winnipeg was suspended, and if at a later date it had risen to \$1.64 the Board's Class II price would have moved upward by 15¢ per bushel, bringing the Board's Class II price from \$1.25 to \$1.40 per bushel. Subsequently the basis of the Class II price was broadened to take into account the trend of prices in leading United States cash markets. In the final months of the crop year, the Board maintained its Class II price at \$1.55 per bushel in spite of uncertain tendencies in United States wheat prices. This was done pending development of new crops and during price discussions with the Dominion Government. During 1944-45 the Board's Class II price applied to countries not receiving Mutual Aid and to the United Nations organizations operating on a cash basis.

The following table shows the monthly range of the Board's Class II price for the crop year 1944-45:

	Price per Bushel
August, 1944.....	\$1.34 - \$1.37
September.....	1.34 - 1.38
October.....	1.38 - 1.46
November.....	1.44 - 1.47
December.....	1.45 - 1.48
January, 1945.....	1.43 - 1.48
February.....	1.48 - 1.51
March.....	1.51 - 1.53
April.....	1.53 - 1.54
May.....	1.54 - 1.55
June.....	1.55 - 1.55
July.....	1.55 - 1.55

Transportation

Transportation problems were evident throughout most of the crop year 1944-45. These problems arose from the following factors:

- (a) The necessary magnitude of the 1944-45 grain movement to the Lakehead and to the eastern seaboard;
- (b) The concentration of that movement through the Lakehead to eastern Atlantic ports;
- (c) The difficulty of securing and retaining adequate manpower at the Lakehead to keep the unloading of cars in line with arrivals;
- (d) The large crops harvested in areas least accessible to the Lakehead.

The manpower situation at the Lakehead was recognized by the Dominion Department of Labour, through the appointment of a Grain Controller to co-ordinate and otherwise facilitate the unloading of the maximum number of cars at each of the terminal elevators.

An emergency grain shipping programme was carried out during the sixty days prior to the close of navigation. This was considered necessary to provide sufficient grain in eastern positions by the close of navigation to meet the winter export programme and eastern mill requirements. For the purpose of this programme it was necessary to draw heavily on grain stocks in country elevators in Manitoba and eastern Saskatchewan.

During the winter months car supply was used to build up Lakehead stocks for the opening of navigation, and to rail a substantial volume of wheat from eastern positions to seaboard for export. Actually, ocean vessels did not arrive at Atlantic ports as scheduled, with the result that eastern stocks were not fully utilized prior to the opening of navigation.

Significant transportation statistics are shown in the following tables. The record of car loadings at country stations, by months, in 1944-45, together with comparative figures for 1943-44, is set out in the following table:

Car Loadings—By Months

	1944-45			1943-44		
	Wheat	Other Grains (Cars)	Total	Wheat	Other Grains (Cars)	Total
August, 1944.....	21,302	8,431	29,733	11,602	12,198	23,800
September.....	19,317	14,018	33,335	14,005	11,927	25,932
October.....	22,039	12,892	34,931	15,221	11,474	26,695
November.....	28,648	5,892	34,540	26,053	7,291	33,344
December.....	17,727	7,370	25,097	10,238	14,056	24,294
January, 1945.....	7,434	11,806	19,240	12,701	8,255	20,956
February.....	6,033	8,539	14,572	19,663	4,017	23,680
March.....	8,610	5,437	14,047	20,460	7,585	28,045
April.....	19,166	9,158	28,324	21,521	13,038	34,559
May.....	31,274	7,025	38,299	28,692	11,072	39,764
June.....	33,518	6,449	39,967	28,124	6,985	35,109
July.....	29,228	5,518	34,746	27,563	7,882	35,445
Total.....	244,296	102,535	346,831	235,843	115,780	351,623

The crop year 1944-45 saw the establishment of a number of new records in the movement of Canadian grain. Receipts and shipments of grain at Fort William/Port Arthur far surpassed the previous records established in 1943-44, which had in turn exceeded the records of 1928-29. The marked increase in Lakehead receipts in 1944-45, with a slight reduction in shipments from country elevators as compared with 1943-44, was due to the shift in markets and the resultant sharp decline in the rail movement direct from the prairies to United States points.

Lakehead Receipts

	1944-45	1943-44
	(million bushels)	
Wheat.....	354.0	278.2
Oats.....	107.7	72.6
Barley.....	59.4	47.9
Rye.....	4.2	8.3
Flaxseed.....	6.4	12.2
Total.....	<u>531.7</u>	<u>419.2</u>

Previous record, all grains, 1928-29 — 409,717,000 bushels.

Shipments from Lakehead

Lake Shipments	1944-45	1943-44
	(million bushels)	
Wheat.....	324.6	292.7
Oats.....	99.2	50.8
Barley.....	55.4	42.1
Rye.....	5.6	9.4
Flaxseed.....	5.3	10.2
Total.....	<u>490.1</u>	<u>405.2</u>

Rail Shipments	1944-45	1943-44
	(million bushels)	
Wheat.....	6.0	15.5
Oats.....	14.3	18.1
Barley.....	6.0	8.5
Rye.....	0.2	0.3
Flaxseed.....	1.6	2.2
Total.....	<u>28.1</u>	<u>44.6</u>
Total Lake and Rail.....	<u>518.2</u>	<u>449.8</u>

Previous record, all grains, 1928-29 — 374,442,000 bushels.

The reduction in shipments of grain, particularly wheat, from Fort William/Port Arthur by rail in 1944-45 was due to less urgent demand for feed supplies in eastern Canada, and to the larger supplies of wheat in eastern positions at the close of navigation on the Lakes in December, 1944.

The Emergency Grain Transportation Committee, under the Chairmanship of Mr. T. C. Lockwood, again rendered valuable assistance in co-ordinating the work of transportation agencies. The Committee included representatives of the railways, the Canadian Shipping Board, the Agricultural Supplies Board, the Department of Trade and Commerce and The Canadian Wheat Board.

Delivery Quotas

During the crop year 1944-45 it was necessary to regulate deliveries at country elevators for a considerable part of the year, in spite of the fact that available empty country elevator space on August 1st, 1944, amounted to about 100 million bushels after allowing for working space. The Board followed the policy of opening up delivery quotas as rapidly as space became available at country delivery points. Rye, flax and corn were not subject to delivery restrictions. Early in September restrictions on barley were removed. Early in April, 1945, all restrictions on the delivery of oats were removed, and on May 4th, 1945, an "open" wheat quota was established at all delivery points. Sufficient space and transportation were available to give prompt attention to damp grain whenever presented for delivery.

Had available car supply been used continuously in the relief of congested delivery points in the Prairie Provinces, it would have been possible to establish "open" delivery quotas for all grains much earlier in the crop year. At various times during the crop year 1944-45 it was necessary to concentrate available transportation in areas most favourably situated in respect to the Lakehead, in order to accumulate sufficient grain at Fort William/Port Arthur to meet an extremely large and urgent demand. This policy resulted in the deferring of necessary grain shipments from areas in northern Alberta and northern Saskatchewan, and made necessary the continuance of relatively small delivery quotas on oats and wheat in these areas until early in 1945.

PACIFIC COAST

The 1944-45 crop year saw a sharp decline in the demand for wheat for feeding purposes in the Pacific Coast areas of the United States, and only a slight increase in exports from Pacific Coast ports to other destinations. Consequently, receipts and shipments of wheat at Pacific ports fell to approximately 50 per cent of the levels established in 1943-44.

Receipts

	<u>Wheat</u>	<u>Oats</u>	<u>Barley</u> (bushels)	<u>Rye</u>	<u>Flaxseed</u>
1944 - 45.....	11,863,854	2,910,017	402,293	65,233	-
1943 - 44.....	21,159,259	2,328,219	959,785	36,047	248,053

Shipments

	<u>Wheat</u>	<u>Oats</u>	<u>Barley</u> (bushels)	<u>Rye</u>	<u>Flaxseed</u>
1944 - 45.....	12,179,566	2,703,010	387,864	62,870	-
1943 - 44.....	24,243,051	2,540,337	923,315	37,087	247,193

CHURCHILL

There were no shipments out of Churchill in 1944-45. Stocks in store at this port amounted to 1,877,737 bushels as at July 31st, 1945.

LONDON OFFICE

In 1944-45 the office of the Board in London, England, was particularly useful. Mr. R. V. Biddulph, European Commissioner, continued his liaison work with the Imported Cereals Division of the United Kingdom Ministry of Food. During the year, Mr. Biddulph returned to Canada for consultation with the Board and discussions in connection with overseas developments.

WASHINGTON OFFICE

During 1944-45 the Cereals Committee of the Combined Food Board played a very important part in programming the movement of wheat from the various exporting countries to areas of need. As a result, the Board's office in Washington, D.C. was extremely active throughout the crop year. Mr. W. C. McNamara, in addition to representing the Board, served as the representative of the Department of Trade and Commerce on the Cereals Committee, and assisted in the work of that Committee during a very critical period of time.

ADVISORY COMMITTEE

The Advisory Committee continued to render assistance to the Board and to the Dominion Government during the crop year 1944-45. In the course of four meetings held during the year, the Advisory Committee gave consideration to a wide range of marketing problems. Members of the Advisory Committee during 1944-45 were: Messrs. Lew Hutchinson (Chairman), Duhamel, Alberta; R. C. Brown, Pilot Mound, Manitoba; D. A. Campbell, Montreal; F. H. Clendenning, Vancouver; P. Farnalls, Halkirk, Alberta; J. Theo Roy, Montreal; J. A. McCowan, Summerberry, Saskatchewan; F. Pettypiece, Auld, Ontario; R. C. Reece, Winnipeg; A. C. Reid, Winnipeg, and J. H. Wesson, Regina, Saskatchewan.

LEGAL DEPARTMENT

During the crop year the Legal Department dealt with a large number of violations of Wheat Board regulations. Of these violations, 584 warranted investigation, and charges were laid in 342 cases. These charges resulted in 340 convictions.

Payments on the 1940, 1941 and 1942 Board Accounts resulted in a large amount of work for the Legal Department, particularly in regard to lost Producer's Certificates. The work of the Department in regard to lost Certificates may be indicated by the following statistics:

1940 Crop

Applications approved.....	73,507
Lost Certificate Applications returned for correction.....	21,113
Lost Certificate Applications returned corrected.....	19,831

1941 and 1942 Crops

Applications approved.....	8,000
Lost Certificate Applications returned for correction.....	1,933
Lost Certificate Applications returned corrected	975

During the crop year 1944-45 the Legal Department handled nearly 500 matters on behalf of the Board, in addition to its work in connection with estates and payments on Producer's Certificates. A great deal of the time of the Department was taken up with litigation which was finally disposed of by the Supreme Court of Canada.

During the year steps were also taken to consolidate the various regulations which had been passed under the War Measures Act relating to the Board's work, and these were consolidated into the Western Grain Regulations 1945-46 (The Canadian Wheat Board).

STAFF CHANGES

In August, 1945, Mr. L. H. Pethick, General Sales Manager, tendered his resignation to the Board. Mr. Pethick joined the staff of the Board in January, 1936, as Assistant Sales Manager, and in August, 1937, was appointed General Sales Manager. The Board accepted Mr. Pethick's resignation with regret, and records its appreciation of his services over a period of nearly ten years. Mr. W. J. Brooking, formerly Assistant Sales Manager, and later Executive Assistant, was appointed General Sales Manager to succeed Mr. Pethick.

THE CANADIAN WHEAT BOARD

In September, 1945, Mr. D. A. Kane resigned as Assistant Chief Commissioner. Mr. C. E. Huntting, Commissioner, was appointed Assistant Chief Commissioner, and Mr. W. C. McNamara was appointed to the vacancy on the Board. Mr. Kane agreed to remain with the Board temporarily, as Western Representative, with headquarters in Vancouver.

OPERATING AND FINANCIAL SUMMARY

Appended hereto you will find the Report and Exhibits submitted by the Board's Auditors, Messrs. Millar, Macdonald & Co., for the 1944-45 crop year, together with an index for ready reference. The inclusion of these statements in the Board's Annual Report makes it unnecessary to deal further with the component items, except to furnish such additional information as may be of general interest in considering the manifold operations of the Board.

During the year under review the Board continued its operations with regard to wheat and its other activities, which are explained in detail in the Auditors' Report. A review of the statements submitted gives a most comprehensive picture of the immensity of the Board's operations during the period. In this respect the Board wishes to record its appreciation to the members of the staff for their loyalty and co-operation in the handling of the numerous problems as they arose, and also for the co-operation and assistance extended by the Auditors.

In reviewing the statements appended hereto each one clearly shows if the operations have been completed, and, if not, the unsold position as at the date of the Balance Sheet.

1944 CROP

Deliveries by producers to Agents of the Board, by province and classification, were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba . . .	39,056,179-05		2,943,207-05	32,752-20	42,032,138-30
Saskatchewan.	213,374,579-50	321,411-40	5,055,481-20	238,944-55	218,990,417-45
Alberta	85,595,483-20	4,834,780-10	7,484-30	936,996-00	91,374,744-00
	<u>338,026,242-15</u>	<u>5,156,191-50</u>	<u>8,006,172-55</u>	<u>1,208,693-15</u>	<u>352,397,300-15</u>

Deliveries, as reported by the Board's Agents monthly, are shown elsewhere in this Report.

The following comments may be of interest in reviewing the statements.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of the Board is submitted in Exhibit I. Exhibit II shows the component items making up each of the assets and liabilities, one column dealing with "Totals for Coarse Grains, Seeds, etc.", the make-up of which is itemized in Exhibit III.

Exhibit 1

Stocks of Cash Grain

Wheat Stocks

Included under this heading are Board wheat stocks in country and terminal elevators or in transit, totalling 166,123,554 bushels for Crown and 1944 Crop Accounts. Included in this total are 11,601,927 bushels of wheat provisionally sold to the Board's Agents, largely moved out of commercial channels and in process of final settlement as at the date of the Balance Sheet.

The valuation of these wheat stocks is reflected in the various Exhibits, but, in accordance with the usual practice, no attempt was made to estimate the proportion which might ultimately become export or Class II wheat. Valuations are therefor conservative, and any improvement in the position as a result of subsequent transactions will be reflected in the next Board Report.

Wheat Sold but not Delivered

These stocks are valued at sales prices less loading charges.

Loading Charges

These charges will be recovered from sales of wheat in sea-board positions when the sales are consummated. Corresponding charges which will be payable by the Board form the bulk of the liability shown under the heading of "Accrued Expenses Payable".

Flax Stocks

These stocks were also being carried in country and terminal elevators, in crushing plants or in transit. They were valued on the basis of Board fixed prices, basis in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at ceiling prices. As usual, no allowance was made for export sales which might be made subsequent to the date of the Balance Sheet, quantities for which could not be determined. They will be reflected, however, in subsequent statements as an improvement in the position shown in the Operating Statement for the 1944 crop.

"Flax sold but not delivered" represents the recovery value of stocks which were actually disposed of, at realizable prices.

Accounts Receivable

Dominion Government

This amount represents expenditures which were not a charge against the producers, settlement of which was received subsequent to the date of the Balance Sheet.

Sundry Accounts

This large total is represented almost wholly by moneys due to the Board from its Agents for sales in process of settlement at the date of the Balance Sheet, which have since been adjusted.

Memberships

All memberships carried under this heading are necessary for the conduct and operation of the Board. The component items represent three memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association Limited (commonly termed the "Clearing House"), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost less dividends received.

Due from the Dominion Government

The following is a summary showing the various deficit and and surplus items included under this heading:

	Exhibit	P.C. No.	Deficit (Surplus)	Amounts Funded
Crown Wheat Account.....	IV	7942 - 1116	\$25,861,866.77	\$10,125,327.04
Flax Division — 1944	VIII	1350	3,169,616.91	
Flax Division — 1943.....	IX	7325	(1,675,676.98)	
Oats Account — 1944.....	X	5998	1,421,430.68	
Barley Account — 1943.....	XII	4450 - 8898	53,637.65	
Seeds Account — 1944.....	XIII	4131	93,866.09	
Seeds Account — 1943.....	XIV	2894	100,412.27	90,589.38
			<hr/> \$29,025,153.39	<hr/> \$10,215,916.42
Balance due				18,809,236.97
			<hr/> \$29,025,153.39	<hr/> \$29,025,153.39

Liability to Agents

At the time grain is delivered by producers to the country elevators of the companies who act as Agents of the Board, the producers receive payment on the basis of the initial prices, and the liability continues to be carried by the companies until such time as the grain is unloaded in a deliverable position.

Amounts due to Producers on Oats and Barley

The 1942 oats and barley and the 1943 oats payment cheques have been almost completely cashed. The experience with reference to the 1944 barley payment has been much more satisfactory than with the previous payments, most of the cheques now having been presented for payment.

Amounts due to Producers on 1944 Ontario Wheat

Cheques for this amount of money were issued in June, based on information supplied by the Agents who handled the wheat in Ontario.

Drawback Account

The Board makes an estimate annually, covering the fiscal year of the Dominion Government which ends March 31st, for the purpose of paying drawback claims to millers and other processors of wheat for human consumption in Canada. On the basis of this estimate, appropriations are authorized by the Government from time to time upon which the Board draws as required. A detailed statement is furnished annually to the Treasury Department showing the expenditures made together with any recoveries in respect of products exported.

Rebates continued to be received through the Commodity Prices Stabilization Corporation Limited, being refunds of excess profits recovered under an agreement between the millers and other processors and the Treasury Department. The operations of this account are reflected in Exhibit XV.

1930 Wheat Crop Equalization Payment Account

The unexpended portion of this account was made available to the Board and was held in reserve for unusual expenditures not chargeable to the producers.

Advances Received on Agency Wheat Stocks

The very large figure shown under this heading represents the provisional advances obtained at the time wheat is sold to shippers and exporters who are Agents of the Board, and is offset by a corresponding asset under the heading of "Wheat Stocks".

Accounts Payable

Both items under this heading comprise the usual accounts which are in process of adjustment as at the date of the Balance Sheet, and which are settled subsequently.

Exhibit II

Amounts Due to and from Other Board Accounts

These items arise due to the fact that the Board conducts its wheat operations through one series of bank accounts, and the distribution to the various crops is handled through the Control Accounts.

STATEMENT OF OPERATIONS

The various Exhibits dealing with the operations of the Board are largely self-explanatory and require little comment. The following remarks apply to Crown Wheat Account and to the 1944 and 1943 Crop Accounts.

Carrying Charges and Other Costs

"Carrying Charges on Wheat Stored in Country Elevators" represents storage and interest charges paid and payable to the Agents of the Board up to the date of the Balance Sheet. These charges continue until such time as the wheat reaches a deliverable position, when it is taken over and paid for by the Board.

Storage on Wheat Stored in Terminal Elevators

This item covers storage paid or accrued up to the date of the Balance Sheet on wheat carried in interior, lakehead, Pacific Coast, or other terminals.

Exhibits IV and V

These accounts are still operative, and the statements submitted may be considered as interim accounts only.

Exhibit VI

The results shown under this heading will be subject to various adjustments and to the estimated cost of making the payment in respect of this crop year.

Exhibit VII

In the last Annual Report of the Board the progress of the payment operations for the 1940, 1941 and 1942 crop years was dealt with up to that date, when it was explained that approximately 1,200,000 Producer's Certificates had been lost or mislaid. Payment of these Certificates presented a formidable task, but the rather gigantic amount shown as outstanding to producers at that time, totalling in excess of \$48,500,000, has now been reduced to approximately \$790,000. Many of the producers have not been very co-operative, and even at this late date there are still 31,700 Lost Certificate Application Forms outstanding, together with approximately 7,000 Requisition Forms relative to estates. With the limited office space, this has created great difficulties in sorting and dealing with the 1943 Crop Requisitions and Certificates.

As a matter of interest, the 1940 crop has required to date the issuance of 326,797 cheques and payment is now 98.6 per cent completed. The 1941 and 1942 crop payment required the issuance of 337,955 cheques and is now completed up to 98.7 per cent.

During the crop year under review approximately 270,000 cheques were required for the purpose of paying producers in respect of the 1943 crop oats equalization payment, of which approximately 27,000 cheques represented farm-to-farm transactions.

Exhibit X

As reflected in this statement, the amount of the advance equalization payments and expenses amounted to more than the oats equalization fees collected so there was no further payment in respect of this account.

The barley payment amounted to 7.59 cents per bushel, and approximately 155,000 cheques were issued covering total deliveries of 80,435,781 bushels.

All the other Exhibits we believe are sufficiently explanatory to require no further comments other than those given in the Auditors' Report.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

C. E. HUNTTING,
Assistant Chief Commissioner

W. C. McNAMARA,
Commissioner

Winnipeg, Manitoba
July 26th, 1946.

THE CANADIAN WHEAT BOARD
AUDITORS' REPORT AND FINANCIAL STATEMENTS

31st July, 1945

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- Exhibit III. Statement of Assets and Liabilities and Consolidation Thereof — Coarse Grains, Seeds and Drawback Account.*
- Exhibit IV. Statement of Operations, Crown Wheat Account — P.C. 7942 and P.C. 1116.*
- Exhibit V. Statement of Operations, 1944 Crop Account — Western Division.*
- Exhibit VI. Statement of Operations, 1943 Crop Account — Western Division.*
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- Exhibit VIII. Statement of Operations, 1944 Crop Account, Flax Division — P.C. 1350.*
- Exhibit IX. Statement of Operations, 1943 Crop Account, Flax Division — P.C. 7325.*
- Exhibit X. Statement of 1944 Oats and Barley Equalization Funds — P.C. 5998.*
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- Exhibit XII. Statement of 1943 Barley Equalization Fund — P.C. 4450 and P.C. 8898.*
- Exhibit XIII. Statement of Operations, 1944 Crop Rapeseed and Sunflower Seed Account — P.C. 4131.*
- Exhibit XIV. Statement of Operations, 1943 Crop Rapeseed and Sunflower Seed Account — P.C. 2894.*
- Exhibit XV. Statement of Drawback Account, 1942, 1943 and 1944 Drawback Accounts — P.C. 9457, 3438, 6602, 7323, 7319.*
- Exhibit XVI. Statement of Provisions for Final Payment Expenses — Western Division.*
- Exhibit XVII. Statement of 1944 Ontario Wheat Equalization Fund — P.C. 1638.*
- Exhibit XVIII. Statement of Funds Remitted to and Funds Received from the Dominion Government.*
- Exhibit XIX. Schedule of Administrative and General Expenses for the year ended 31st July 1945.*

12th July, 1946

To the Commissioners,
The Canadian Wheat Board,
Winnipeg, Manitoba.

Gentlemen:

We have conducted an audit of the books and accounts of The Canadian Wheat Board for the fiscal year ended 31st July 1945 and now submit for your information the attached financial statements comprising a Consolidated Balance Sheet (Exhibit 1.) which sets forth the financial position of the Wheat Board as at the foregoing date, together with other statements showing the results of operations to the close of the fiscal period, all as tabulated in the Index preceding this report.

SUMMARY OF OPERATIONS FOR THE FISCAL YEAR

The following operations of the Board which were in process at 31st July 1944 were continued in the 1944-45 fiscal year:

1. The marketing of wheat delivered by producers to the Board in the Western Division in the crop year 1943-44.
2. The marketing of wheat appropriated for the account of His Majesty in accordance with the terms of Order-in-Council P.C. 7942 of 12th October 1943.

During the period under review the wheat stocks appropriated for the account of His Majesty in accordance with the provisions of Order-in-Council P.C. 7942 of 12th October 1943, to fill Domestic and Mutual Aid requirements, became exhausted.

In order to continue to provide wheat for Domestic and Mutual Aid requirements the Board was charged with the administration of Order-in-Council P.C. 1116 of 20th February 1945, the effect of which was as follows:

- (a) All Class II wheat sold by the Board to fill Mutual Aid requirements from the date of exhaustion of stocks appropriated under Order-in-Council P.C. 7942 to 28th February 1945, shall be deemed to be sold to His Majesty at the existing Class II price (basis in store Fort William/Port Arthur or Vancouver) on the date when such wheat was sold by the Board.
- (b) All Class II wheat sold by the Board to fill Domestic requirements from the date of exhaustion of stocks appropriated under Order-in-Council P.C. 7942 to 28th February 1945, shall be deemed to be sold to His Majesty basis \$1.25 per bushel for No. 1 Northern in store Fort William/Port Arthur or Vancouver and shall be drawn from the 1943 Crop Account.
- (c) The Board was authorized to transfer from the 1943 and 1944 Crop Accounts to the account of His Majesty one hundred million bushels of Class II wheat at a price of \$1.43 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. In terms of Order-in-Council P.C. 1956 of 23rd March 1945, wheat so transferred to His Majesty shall be made available to fill Mutual Aid requirements at a price of \$1.46 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver.

- (d) 1943 Crop Account shall provide all wheat necessary to fill Domestic requirements for the period from 1st March 1945 to 31st July 1945, at a price of \$1.25 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver.
 - (e) In respect of wheat supplied by the 1943 Crop Account under (b) and (d) the Board shall be reimbursed for carrying charges which will be computed at the average per bushel rate for the 1943 Crop Account.
3. The control and marketing of flaxseed on hand at 31st July 1944, as authorized by Order-in-Council P.C. 7325 of 21st September 1943.
 4. The control and marketing of rapeseed and sunflower seed on hand at 31st July 1944, as authorized by Order-in-Council P.C. 2894 of 9th April 1943.

In addition to the foregoing, the following new operations were undertaken during the period under review:

1. The marketing of wheat delivered by producers to the Board in the Western Division in the crop year 1944-45.
2. Under Order-in-Council P.C. 5998 of 31st July 1944, the Board was empowered to purchase oats and barley futures and cash oats and barley, and to collect equalization fees on oats and barley exported from Canada, the proceeds of these fees to be placed in the Oats Equalization Fund and the Barley Equalization Fund. The Dominion Government guaranteed the Oats Equalization Fund to the extent of 10 cents per bushel, and the Barley Equalization Fund to the extent of 15 cents per bushel. The Government further provided that the foregoing guaranteed amounts were to be payable to producers on delivery of oats and barley, in the form of advance equalization payments.
3. Under Order-in-Council P.C. 1350 of 6th March 1944, the Board was empowered to control the marketing of flaxseed delivered by producers during the 1944-45 crop season.
4. The Board was authorized by Order-in-Council P.C. 4131 of 1st June 1944 to control the marketing of rapeseed and sunflower seed delivered by producers to the Board during the 1944-45 crop season.
5. Under the terms of Order-in-Council P.C. 1638 of 8th March 1945, the Board was empowered to collect equalization fees on Ontario wheat or wheat products exported from Canada during the period 1st July 1944 to 30th June 1945. The proceeds of these fees were to be placed in the Ontario Wheat Equalization Fund for later equitable distribution to producers who lawfully delivered and sold Ontario wheat to a dealer during the period indicated.
6. Under Order-in-Council P.C. 5640 of 21st July 1944, the Board was authorized to accept wheat from producers in Ontario, delivered in the 1944-45 crop season, at \$1.25 per bushel basis Montreal. The market price for Ontario wheat remained above this figure throughout the period indicated, hence no deliveries of Ontario wheat were received by the Board.
7. The Board was charged with the administration of Order-in-Council P.C. 7319 of 19th September 1944, which authorized payments to flour millers in respect of flour or other human foods containing western wheat used in Canada, computed as follows:

- (a) The bushels of western wheat used in production of flour or other human foods, multiplied by
- (b) A rate per bushel being the excess of the monthly average price determined by The Canadian Wheat Board over the price of 77½¢ per bushel determined by the Wartime Prices and Trade Board.

STATEMENTS OF OPERATIONS

Crown Wheat Account—P.C. 7942 and 1116

The operations on Crown Wheat Account authorized by Orders-in-Council P.C. 7942 of 12th October 1943, and P.C. 1116 of 20th February 1945, resulted in a deficit of \$25,861,866.77 for the period from 28th September 1943 to 31st July 1945 as set forth in Exhibit IV. In respect of this deficit an amount of \$10,125,327.04 was funded by the Dominion Government on 30th April 1945 which was the deficit shown on Crown Wheat Account to 31st July 1944. The result of the operations on Crown Wheat Account to 31st July 1945, has been determined after valuing holdings of cash wheat at the fixed price of \$1.43 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver, established by Order-in-Council P.C. 1116 of 20th February 1945.

No provision for carrying costs, interest and other expenses, has been made beyond the close of the fiscal year and the deficit shown should therefore not be viewed as the final amount for which the Board will be reimbursed from moneys appropriated by Parliament in accordance with the provisions of the previously mentioned Orders-in-Council.

1944 Crop Account—Western Division

1943 Crop Account—Western Division

The operations of the Board on these accounts to 31st July 1945, resulted in a surplus of \$28,653,390.65 on 1944 Crop Account and \$36,436,169.88 on 1943 Crop Account, as set forth in Exhibits V. and VI.

The surplus on 1944 Crop Account has been determined after valuing holdings of cash wheat at Board fixed prices as at 31st July 1945, basis in store Fort William/Port Arthur or Vancouver, but without provision for carrying costs, interest, etc. beyond the close of the fiscal year. The indicated surplus, therefore, should not be viewed as the final amount to be distributed to producers on the outstanding participation certificates of the 1944 crop year.

Cash grain transactions on 1943 Crop Account were completed as at 31st July 1945, and subject to interest credits and minor adjustments subsequent to that date, the indicated surplus will be the approximate amount which will be available for distribution to producers on the outstanding participation certificates of the 1943 crop year.

Final Payments to Producers

1940 Crop Account—Western Division

1941 Crop Account—Western Division

1942 Crop Account—Western Division

A summary of the amounts payable to producers on these accounts and the final payments completed to 31st July 1945 is set forth in Exhibit VII. Details of the expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XVI.

Flax Division—P.C. 1350 and 7325

The results of operations in connection with flaxseed acquired in terms of Order-in-Council P.C. 1350 of 6th March 1944, and Order-in-Council P.C. 7325 of 21st September 1943, are set forth in Exhibits VIII. and IX. respectively. Under Order-in-Council P.C. 5741 of 24th July 1944, exporters of linseed oil, other than The Canadian Wheat Board, who exported linseed oil during the year under review, were required to pay a benefit to the Board before export from Canada could be made. Benefit, in terms of the Order, is the amount by which the Board fixed price paid to producers for flaxseed, plus a carrying charge not to exceed 3 cents per bushel, exceeds the maximum price at which the Board sells flaxseed to domestic crushers and processors. The amounts payable under this Order are determined by the Wartime Prices and Trade Board and amounts so received by the Board under this Order for the year ended 31st July 1945, have been credited to the 1944 Crop Flax Account. The results of operations on the Flax Division show a net deficit of \$1,493,939.93 after valuing flaxseed stocks on hand at Board fixed prices as at 31st July 1945, basis in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at maximum prices — P.C. 1350, but without provision for carrying costs and expenses beyond 31st July 1945.

After liquidation of flaxseed stocks on hand, the final deficit or surplus will accrue to the Consolidated Revenue Fund of the Dominion of Canada.

Oats and Barley Division—P.C. 4450, 8898, 5998

A summary of the final payment to producers in respect of equalization fees collected by the Board on 1942 Crop Oats and Barley Account for the period 1st April 1943 to 31st July 1943, as authorized by Order-in-Council P.C. 4450 of 1st June 1943, and the final payments completed to 31st July 1945, is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XVI.

Cheques for the total amount of the final payment on the 1943 Oats Equalization Fund, as set forth in Exhibit XI., were issued by the Board on 27th June 1945. A summary of the amount payable to producers and the final payments completed to 31st July 1945, is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payment to producers are set forth in Exhibit XVI. The deficit on the 1943 Barley Equalization Fund as set forth in Exhibit XII. is after crediting to the Fund the amount of \$2,063,257.35 which was received from the Dominion of Canada 30th April 1945. The balance of \$53,637.65 will be paid to the Board out of moneys appropriated by Parliament.

Under the authority of Order-in-Council P.C. 5998 of 31st July 1944, the Board purchased and sold oats futures during the year under review for the general purpose of assuring to producers of this grain in Western Canada a stable and fair price for their product. Trading in oats futures resulted in a profit of \$3,342.50 which in terms of the Order accrues to the Oats Equalization Fund.

In terms of the same Order the Board continued to levy and collect equalization fees for the exportation of oats and barley during the 1944-45 crop season. The Board was also empowered to pay advance equalization payments of 10 cents per bushel on oats and 15 cents per bushel on barley, to producers who lawfully delivered and sold oats and barley during the 1944-45 crop season. The results of these operations are set forth in Exhibit X.

Transactions on the 1944 Barley Equalization Fund resulted in a surplus of \$6,044,880.25 and this amount, after deduction of necessary expenses, will be distributed to producers. The deficit resulting from transactions on the 1944 Oats Equalization Fund will be paid to the Board out of moneys appropriated by Parliament.

Seeds Division—P.C. 4131 and 2894

The results of operations in connection with rapeseed and sunflower seed acquired in terms of Order-in-Council P.C. 4131 of 1st June 1944, and Order-in-

Council P.C. 2894 of 9th April 1943, are set forth in Exhibits XIII. and XIV. respectively and show a net deficit on the Seeds Division of \$194,278.36 to 31st July 1945. This deficit has been determined after valuing seeds stocks on hand at Board fixed prices, as at 31st July 1945, basis F.O.B. crusher plants, and without provision for carrying costs, interest and other expenses beyond the close of the crop year. After liquidation of seeds stocks on hand the final deficit on this account will be paid from moneys appropriated under the War Appropriations Act. In respect of the deficit shown above an amount of \$90,589.38 was funded by the Dominion Government on 30th April 1945, which represented the deficit on the Seeds Division to 31st July 1944.

Drawback Account

Under Orders-in-Council P.C. 9457 of 16th October 1942, P.C. 6602 of 19th August 1943, P.C. 7323 of 20th September 1943, and P.C. 7319 of 19th September 1944, the Board was charged with the administration of drawback payments to flour millers and processors in accordance with the terms of the above Orders. The results of these operations for the period from 1st August 1942 to 31st July 1945 are set forth in Exhibit XV. The amounts shown as refunds of excess profits represent the recorded receipts from The Commodity Prices Stabilization Corporation Limited to 31st July 1945. Order-in-Council P.C. 7319 of 19th September 1944, also provided for the recovery of expenses incurred by the Board in administering these regulations.

Ontario Wheat Equalization Fund

Under Order-in-Council P.C. 1638 of 8th March 1945 the Board was empowered to levy and collect equalization fees for the exportation of Ontario wheat or wheat products from Canada. Operations on this account to 31st July 1945 resulted in a surplus of \$198,317.83 as set forth in Exhibit XVII. This amount, after deduction of necessary expenses, will be paid to producers who lawfully delivered and sold Ontario wheat to a dealer during the 1944-45 crop year.

Schedule of Administrative and General Expenses

Total expenditures under this heading for the year under review amounted to \$1,592,543.53, comprising expenses incurred at the Winnipeg, Calgary, Vancouver, Toronto, Washington (United States) and London (England) offices of the Board. Of these expenditures an amount of \$258,409.72 has been charged to the Dominion Government in respect of expenses incurred in the administration of Acreage and Quota Regulations, etc. In accordance with the provisions of Order-in-Council P.C. 7319 of 19th September 1944, an amount of \$34,537.03 has been charged to Drawback Account for the cost of administering the Drawback Regulations during the 1944-45 fiscal year. The balance of the administrative and general expenses has been allocated to Board operations principally on the basis of bushels handled on each account during the 1944-45 crop year.

CONSOLIDATED BALANCE SHEET

We have examined grain documents on hand and have obtained certificates from bankers covering grain documents held by them as security to the liability for demand loans. Stocks of grain in the custody of Agents, in country elevators, terminal elevators and mills, etc., have been verified by reference to grain records maintained by the Board in which reports submitted by Agents are regularly recorded. In our opinion the asset "stocks of cash grain, etc. \$226,384,432.51" is correctly stated on the basis of valuations indicated on the Consolidated Balance Sheet. We have received certificates from bankers in verification of funds on deposit, and satisfactory evidence has been produced for our inspection in confirmation of all other assets.

We have also obtained certificates from bankers in verification of the liability for demand loans, and have checked the computations of the liability to Agents for grain purchased but not yet delivered. Other liabilities have been

verified by reference to creditors' statements, sales contracts and other data, and are correctly stated to the best of our information and belief.

In the course of our audit we have examined vouchers and other documentary evidence in support of grain and financial transactions, and have obtained all the information and explanations which we have required from members of the Board and from its officers and employees. The transactions have been verified in such detail and to such extent as we have considered adequate in view of the system of internal accounting control maintained by the Board.

In terms of the foregoing, we report that in our opinion the attached Consolidated Balance Sheet (Exhibit I.) and related statements of operations are properly drawn up so as to present respectively a true and correct view of the financial position of The Canadian Wheat Board as at 31st July 1945, and of the results of the operations for the periods ended on that date, according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN
CONSOLIDATED
As at

ASSETS

Funds on deposit		\$ 2,239,340.
Stocks of cash grain, etc. — (In terms of inventories prepared by responsible officials):		
Wheat stocks (valued on the basis of Board fixed prices basis in store Fort William/Port Arthur or Vancouver)	\$203,294,733.49	
Wheat sold but not delivered (valued at sales prices less loading charges)	7,723,786.89	
Loading and transportation charges, etc., to be recovered from sales of wheat in eastern and seaboard positions	11,803,091.29	
Flax stocks (valued on the basis of Board fixed prices basis in store Fort William/Port Arthur or Montreal — less provision for stocks to be sold to domestic crushers and processors at maximum prices — P.C. 1350)	3,272,454.50	
Flax sold but not delivered (valued at sales prices)	40,805.22	
Sunflower seed stocks (valued at Board fixed prices basis F.O.B. crusher plants)	249,561.12	226,384,432.5
Accounts receivable — Dominion Government	\$ 1,199,794.00	
— sundry accounts	12,633,019.95	13,832,813.9
Memberships — In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association		13,843.9
Office furniture, equipment and automobiles, at cost less depreciation		57,470.3
Due from the Dominion Government:		
Net deficit resulting from the operations of the Wheat Board in respect of Crown Wheat Account — P.C. 7942 and 1116; coarse grains and seeds accounts — P.C. 7325, 1350, 4450, 8898, 5998, 2894, 4131, 8060	\$29,025,153.39	
Less: Funds transferred from the Department of Finance, Ottawa	10,215,916.42	18,809,236.9
		<u>\$261,337,138.6</u>

Approved:

GEO. McIVOR,
Chief Commissioner

C. E. HUNTING,
Assistant Chief Commissioner

W. C. McNAMARA,
Commissioner

EAT BOARD ANCE SHEET

1945

LIABILITIES

Liability to banks — demand loans.....	\$ 30,038,504.96	
— overdrafts.....	225,758.27	
— accrued interest thereon.....	<u>2,758.43</u>	\$ 30,267,021.66
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board:		
Wheat	\$108,348,814.59	
Flax	1,716,874.12	
Sunflower seed.....	<u>250.09</u>	110,065,938.80
Accounts due to Producers on Oats and Barley Equalization Funds:		
1942 Oats and Barley final payment — P.C. 4450	\$ 10,006.09	
1943 Oats final payment — P.C. 4450 and 8898....	2,658,850.16	
1944 Barley — P.C. 5998.....	<u>6,044,880.25</u>	8,713,736.50
Account due to Producers on 1944 Ontario Wheat Equalization Fund — P.C. 1638.....		198,317.83
Accounts due to Producers on the outstanding certificates:		
Western Division — 1940, 1941 and 1942 Crop Accounts final payments....	\$ 7,702,101.06	
Eastern Division — 1939 and 1940 Crop Accounts final payments....	<u>6,640.68</u>	7,708,741.74
Provisions for expenses of issuing final payments.....		973,723.32
Wheat Crop Equalization Payment Account—		6,397,637.92
Residue made available to The Canadian Wheat Board		70,679.25
Advances received on Agency wheat stocks.....		14,051,064.80
Accounts payable — uncompleted wheat sales.....	\$ 1,612,868.67	
— sundry accounts.....	<u>1,585,020.15</u>	3,197,888.82
Accrued expenses payable — freight, storage charges,		14,602,827.52
Plus from the operations of the Wheat Board — Western Division:		
1943 Crop Account for the period from 1st August 1943 to 31st July 1945.....	\$ 36,436,169.88	
1944 Crop Account for the year ended 31st July 1945.....	<u>28,653,390.65</u>	65,089,560.53
		<u>\$261,337,138.69</u>

This is the Consolidated Balance Sheet which is referred to in our report of this date attached hereto.

Winnipeg, Manitoba
July 1946

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN

STATEMENT OF ASSETS AND LIABILITIES

As at 31

ASSETS

1940, 1941 and
1942 Wheat Crops
Final Payment
Accounts

Funds on deposit.....	
Stocks of cash grain, etc.:	
Wheat stocks.....	
Wheat sold but not delivered.....	
Loading and transportation charges, etc.....	
Flax stocks.....	
Flax sold but not delivered.....	
Sunflower seed stocks.....	
Accounts receivable.....	
Grain trade memberships.....	
Office furniture, equipment and automobiles.....	
Due from the Dominion Government:	
Net deficit resulting from operations.....	
Less: Funds transferred from the Department of Finance, Ottawa.....	

LIABILITIES

Liability to Banks — demand loans.....	
— overdrafts.....	\$ 54,714.94
— accrued interest thereon.....	4.40
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board.....	
Amount due to Producers on 1942 Oats and Barley Equalization Fund, 1943 Oats Equalization Fund and 1944 Barley Equalization Fund — P.C. 4450, 8898, 5998.....	
Amount due to Producers on 1944 Ontario Wheat Equalization Fund — P.C. 1638.....	
Amounts due to Producers on the outstanding certificates:	
Western Division — 1940, 1941 and 1942 Crop Accounts final payments.....	7,702,101.06
Eastern Division — 1939 and 1940 Crop Accounts final payments.....	
Provisions for expenses of issuing final payments.....	838,768.67
Drawback Account — balance of appropriations.....	
1930 Wheat Crop Equalization Payment Account.....	
Advances received on Agency wheat stocks.....	
Accounts payable.....	104,470.17
Accrued expenses payable.....	
Surplus resulting from operations — Western Division.....	
Amounts due to and from other Board accounts.....	(8,700,059.24)

WHEAT BOARD

D CONSOLIDATION THEREOF

y, 1945

1943 Wheat Crop Account	1944 Wheat Crop Account	Crown Wheat Account P.C. 7942 P.C. 1116	Totals for Coarse Grains, Seeds, etc.	Totals for Consolidated Balance Sheet
	\$ 853.51		\$ 2,238,487.46	\$ 2,239,340.97
	196,699,675.88	\$ 6,595,057.61		203,294,733.49
		7,723,786.89		7,723,786.89
	11,768,351.51	34,739.78		11,803,091.29
			3,272,454.50	3,272,454.50
			40,805.22	40,805.22
			249,561.12	249,561.12
1,163,675.13	8,141,617.58	3,654,464.40	873,056.84	13,832,813.95
	13,843.99			13,843.99
	57,470.30			57,470.30
		25,861,866.77	3,163,286.62	29,025,153.39
		(10,125,327.04)	(90,589.38)	(10,215,916.42)
1,163,675.13	\$216,681,812.77	\$33,744,588.41	\$ 9,747,062.38	\$261,337,138.69
	\$ 26,712,986.57		\$ 3,325,518.39	\$ 30,038,504.96
			171,043.33	225,758.27
	2,221.36		532.67	2,758.43
35,488.28	100,560,969.71	\$ 7,752,356.60	1,717,124.21	110,065,938.80
			8,713,736.50	8,713,736.50
	198,317.83			198,317.83
				7,702,101.06
	6,640.68			6,640.68
			134,954.65	973,723.32
			6,397,637.92	6,397,637.92
		70,679.25		70,679.25
	14,051,064.80			14,051,064.80
93,267.03	64,353.46	1,620,276.80	1,315,521.36	3,197,888.82
293,824.22	14,168,508.47	86,176.44	54,318.39	14,602,827.52
436,169.88	28,653,390.65			65,089,560.53
695,074.28)	32,263,359.24	24,215,099.32	(12,083,325.04)	
163,675.13	\$216,681,812.77	\$33,744,588.41	\$ 9,747,062.38	\$261,337,138.69

THE CANADIAN
STATEMENT OF ASSETS AND LIABILITIES
COARSE GRAINS, SEED
As at 31

ASSETS

Funds on deposit.....	
Stocks of cash grain, etc.:	
Flax stocks.....	
Flax sold but not delivered.....	
Sunflower seed stocks.....	
Accounts receivable.....	
Due from the Dominion Government:	
Net deficit resulting from operations.....	
Less: Funds transferred from the Department of Finance, Ottawa.....	

LIABILITIES

Liability to banks — demand loans.....	
— overdrafts	
— accrued interest thereon.....	
Liability to Agents for grain purchased from producers but not yet delivered to the Wheat Board.....	
Amount due to producers on 1942 Oats and Barley Equalization Fund, 1943 Oats Equalization Fund and 1944 Barley Equalization Fund — P.C. 4450, 8898, 5998.....	
Provision for expenses of issuing final payments on 1942 Oats and Barley Equalization Fund and 1943 Oats Equalization Fund — P.C. 4450, 8898	
Drawback Account — balance of appropriations.....	
Accounts payable.....	
Accrued expenses payable.....	
Amounts due to and from other Board accounts.....	

WHEAT BOARD

AND CONSOLIDATION THEREOF

AND DRAWBACK ACCOUNT

July, 1945

Flax Division P.C. 7825 P.C. 1350	Oats and Barley Division P.C. 4450 P.C. 8898 P.C. 5998	Seeds Division P.C. 2894 P.C. 4131 P.C. 8060	Drawback Account P.C. 9457 P.C. 3438 P.C. 6602 P.C. 7323 P.C. 7319	Total
	\$ 394.05		\$2,238,093.41	\$ 2,238,487.46
\$3,272,454.50				3,272,454.50
40,805.22		\$249,561.12		40,805.22
				249,561.12
346.86	871,867.38	842.60		873,056.84
1,493,939.93	1,475,068.33	194,278.36 (90,589.38)		3,163,286.62 (90,589.38)
<u>\$4,807,546.51</u>	<u>\$2,347,329.76</u>	<u>\$354,092.70</u>	<u>\$2,238,093.41</u>	<u>\$ 9,747,062.38</u>
\$2,995,587.51		\$329,930.88		\$ 3,325,518.39
	\$ 171,043.33			171,043.33
491.49	14.06	27.12		532.67
1,716,874.12		250.09		1,717,124.21
	8,713,736.50			8,713,736.50
	134,954.65			134,954.65
			\$6,397,637.92	6,397,637.92
2,881.60	1,312,639.76			1,315,521.36
34,479.36	4,773.38	15,065.65		54,318.39
57,232.43	(7,989,831.92)	8,818.96	(4,159,544.51)	(12,083,325.04)
<u>\$4,807,546.51</u>	<u>\$2,347,329.76</u>	<u>\$354,092.70</u>	<u>\$2,238,093.41</u>	<u>\$ 9,747,062.38</u>

THE CANADIAN

Crown Wheat Account

STATEMENT OF

For the period from inception (28th September 1943) to 31st July 1945

Wheat acquired:

Delivered or to be delivered by Agents of the Board at closing market prices
27th September 1943, basis Fort William/Port Arthur or Vancouver
Purchases of terminal stocks at closing market prices 27th September 1943,
basis in store Fort William/Port Arthur or Vancouver
Purchases of overages, etc., at terminal and country elevators, at Board
fixed prices basis in store Fort William/Port Arthur or Vancouver
Purchases under the authority of Order-in-Council P.C. 1116 of 20th
February 1945:
Section 2A — Interim Mutual Aid
Section 2B — Interim Domestic
Section 3 — Replenishment account
Uncompleted purchase contract at contract prices

Wheat sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Vancouver:
Sales at Class I prices
Uncompleted sales contracts at contract prices
Sales under the authority of Order-in-Council P.C. 1116 of 20th February 1945:
Section 3 — Replenishment account
Uncompleted sales contracts at contract prices less
provision for loading costs
Net proceeds from sales

Stocks of wheat on hand, valued on the basis of the established prices as set
forth in Section 3 of Order-in-Council P.C. 1116 of 20th February 1945

Deficit on cash wheat transactions

Add: Carrying costs, interest, administrative and general expenses, etc.
Carrying Charges:

Carrying charges on wheat stored in country elevators
Storage on wheat stored in terminal elevators and mills
Interest and bank charges
Additional freight on wheat shipped to Fort William/Port Arthur from
points tributary to Vancouver
Handling, stop-off and diversion charges on wheat warehoused at interior
terminals
Drying, reconditioning charges, etc.
Brokerage and commission charges
Administrative and general expenses to 31st July 1944

Add: Proportion of administrative and general expenses for the year
ended 31st July 1945

Add: Carrying costs payable to 1943 Crop Account under the authority
of Section 10 of Order-in-Council P.C. 1116 of 20th February 1945

Deficit from the operations of the Wheat Board
on Crown Wheat Account, Western Division
— P.C. 7942 and P.C. 1116, for the period
from inception (28th September 1943) to
31st July 1945

Note: In respect of the deficit shown above, an amount of \$10,125,327.04
was funded by the Dominion Government on 30th April 1945.

WHEAT BOARD

E. 7942 and P.C. 1116

OPERATIONS

September 1943) to 31st July, 1945

Bushels		Amount	
	205,973,252-50		\$242,322,984.00
	91,795,621-11		109,065,886.88
	2,704,583-45		3,218,527.19
	49,400,054-49		72,809,221.07
	9,886,640-00		11,771,904.54
90,991,979-35		\$128,427,904.41	
9,008,020-25	100,000,000-00	12,664,197.64	141,092,102.05
	<u>459,760,152-35</u>		<u>\$580,280,625.73</u>
358,458,524-45		\$434,683,352.16	
1,301,627-50	359,760,152-35	1,525,728.90	\$436,209,081.06
90,991,979-35		\$131,162,961.12	
4,297,264-59	95,289,244-34	6,198,057.99	137,861,019.11
	<u>455,049,397-09</u>		<u>573,570,100.17</u>
	4,710,755-26		6,595,057.61
	<u>459,760,152-35</u>		<u>580,165,157.78</u>
			<u>115,467.95</u>
		\$ 18,502,161.38	
		<u>1,520,674.06</u>	\$ 20,022,835.44
			3,280,957.89
			12,986.66
			89,271.93
			3,516.28
			119,153.26
	\$ 111,104.09		
	<u>191,915.40</u>		303,019.49
			23,831,740.95
			<u>1,914,657.87</u>
			<u>25,746,398.82</u>
			<u>\$ 25,861,866.77</u>

THE CANADIAN

1944 Crop Account

STATEMENT OF

For the year ended

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:

Sales at Class II prices.....

Sales under the authority of Order-in-Council P.C. 1116 of 20th February 1945:

Section 2A — Interim Mutual Aid.....

Section 3 — Replenishment account.....

Uncompleted sales contracts at contract prices.....

Net proceeds from sales.....

Stocks of wheat, valued on the basis of Board fixed prices basis in store Fort William/Port Arthur or Vancouver:

On hand.....

In the custody of Agents.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board on 1944 Crop Account, Western Division, for the year ended 31st July 1945

WHEAT BOARD

Western Division

OPERATIONS

1st July, 1945

Bushels

Amount

352,397,300-15

\$427,916,283.44

60,059,066-41

\$ 88,054,360.20

49,400,054-49

72,809,221.07

72,517,359-35

\$102,385,468.95

9,008,020-2581,525,380-0012,664,197.64115,049,666.59

190,984,501-30

\$275,913,247.86

149,810,871-45

\$182,648,611.08

11,601,927-00161,412,798-4514,051,064.80196,699,675.88352,397,300-15472,612,923.74

44,696,640.30

\$ 9,394,441.60

2,792,930.57

\$ 12,187,372.17

1,681,850.58

1,699,556.26

49,248.92

8,745.06

416,476.6616,043,249.65\$ 28,653,390.65

THE CANADIAN

1943 Crop Account

STATEMENT OF

For the period from 1st August

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:

Sales at Class II prices.....

Sales under authority of Order-in-Council P.C. 1116 of 20th February 1945:

Section 2B — Interim Domestic.....

Section 3 — Replenishment account.....

Section 8 — Domestic

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Freight and handling charges recovered on shipments from country points to the United States.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage charges.....

Administrative and general expenses to 31st July 1944.....

Add: Proportion of administrative and general expenses for the year ended 31st July 1945

Deduct: Carrying costs recoverable from Crown Wheat Account under authority of Section 10 of Order-in-Council P.C. 1116 of 20th February 1945.....

Surplus from the operations of the Wheat Board on 1943 Crop Account, Western Division, for the period from 1st August 1943 to 31st July 1945.....

WHEAT BOARD

Western Division

OPERATIONS

1943, to 31st July, 1945

Bushels

Amount

293,375,116-05

\$354,393,468.58

235,128,852-01

\$329,904,600.11

9,886,640-00

\$11,771,904.54

18,474,620-00

26,042,435.46

29,885,004-0458,246,264-0435,319,493.9373,133,833.93293,375,116-05403,038,434.04

48,644,965.46

\$ 4,998,269.11

5,338,317.65

\$ 10,336,586.76

2,241,964.79

1,162,016.97

(309,849.14)

11,175.83

8,353.02

73,200.90

\$ 436,834.56

163,169.76600,004.32

14,123,453.45

1,914,657.8712,208,795.58\$ 36,436,169.88

THE CANADIAN
STATEMENT OF FINAL PAYMENTS TO
To 31st

	1940 Wheat Crop Account	1941 Wheat Crop Account
Total amounts payable to Producers.....	\$26,081,800.16	\$15,305,476.69
Deduct: Cheques cashed by Producers to 31st July 1945.....	23,754,752.36	13,071,138.75
Balances payable as at 31st July 1945 on final payments to Producers — Western Division.....	\$ 2,327,047.80	\$ 2,234,337.94

WHEAT BOARD

PRODUCERS — WESTERN DIVISION

y, 1945

1942 Wheat Crop Account	1942 Crop Oats and Barley Equalization Fund - P.C. 4450	1943 Crop Oats Equalization Fund - P.C. 4450 and P.C. 8898	Totals
\$19,692,770.12	\$1,570,750.97	\$8,867,004.74	\$71,517,802.68
16,552,054.80	1,560,744.88	6,208,154.58	61,146,845.37
<u>\$ 3,140,715.32</u>	<u>\$ 10,006.09</u>	<u>\$2,658,850.16</u>	<u>\$10,370,957.31</u>

THE CANADIAN
1944 Crop Account
STATEMENT OF
For the year ended

Flax acquired:

Delivered or to be delivered at Board fixed prices basis in store Fort William/
Port Arthur or Montreal.....
Purchased from 1943 Crop Account at Board fixed prices 31st July 1945,
basis in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal.....
Uncompleted sales contracts at contract prices.....

Net proceeds from sales.....

Stocks of flax on hand, valued on the basis of Board fixed prices basis in store
Fort William/Port Arthur or Montreal.....

Deduct: Provision for stocks to be sold to domestic crushers and processors
at maximum prices — P.C. 1350.....

Deficit on cash flax transactions.....

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....

Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Dockage on special shipments via Fort William/Port Arthur.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Administrative and general expenses.....

Deficit from the operations of the Wheat Board on
1944 Crop Account, Flax Division — P.C. 1350,
for the year ended 31st July 1945.....

WHEAT BOARD

Fix Division — P.C. 1350

OPERATIONS

31st July, 1945

Bushels		Amount	
7,244,348-09		\$19,858,585.23	
18,989-23	7,263,337-32	47,345.17	\$19,905,930.40
5,702,275-10		\$13,863,760.42	
24,923-09		40,805.22	
5,727,198-19		\$13,904,565.64	
1,536,139-13		\$ 4,192,016.17	
	919,561.67	3,272,454.50	17,177,020.14
7,263,337-32			2,728,910.26
	\$ 169,695.50		
	72,077.99	\$ 241,773.49	
		112,545.21	
		65,231.62	
		(112.23)	
		94.18	
		21,174.88	440,706.65
			\$ 3,169,616.91

THE CANADIAN
1943 Crop Account
STATEMENT OF
For the period from 1st August

Flax acquired:

Delivered at Board fixed prices basis in store Fort William/Port Arthur
or Montreal.....
Purchased from 1942 Crop Account at Board fixed prices 31st July 1944,
basis in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal.....

Surplus on cash flax transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....

Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Dockage on special shipments via Fort William/Port Arthur.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Brokerage charges.....

Administrative and general expenses to 31st July 1944.....

Add: Proportion of administrative and general expenses for the
year ended 31st July 1945.....

Surplus from the operations of the Wheat Board
on 1943 Crop Account, Flax Division —
P.C. 7325, for the period from 1st August
1943 to 31st July 1945.....

WHEAT BOARD

Flx Division — P.C. 7325

OPERATIONS

1943, to 31st July, 1945

Bushels

Amount

14,338,032-20

\$35,938,148.18

3,115-2914,341,147-496,517.23

\$35,944,665.41

14,341,147-4938,606,387.45

2,661,722.04

\$171,702.56

304,514.03

\$ 476,216.59

210,937.69

188,970.15

48,922.23

25,452.72

6,566.43

\$ 27,006.08

1,973.1728,979.25986,045.06\$ 1,675,676.98

THE CANADIAN
STATEMENT OF 1944 OATS AND
P.

For the year ended

Equalization fees collected.....
Profit on purchase and sale of 896,000-00 bushels of oats futures.....
Interest credited on surplus funds.....

Deduct: Advance equalization payments to Producers.....
Interest allowed to Agents re the above payments.....
Brokerage and Clearing House charges
Bank charges.....
Commission paid to Agent.....
Proportion of administrative and general expenses for
the year ended 31st July 1945.....

Payable to Producers:

Surplus on Barley Equalization Fund to 31st July 1945.....

Due from Dominion Government:

Deficit on Oats Equalization Fund to 31st July 1945.....

WHEAT BOARD

BARLEY EQUALIZATION FUNDS

198

st July, 1945

Oats Equalization Fund	Barley Equalization Fund	Total
\$12,647,280.91	\$18,092,682.33	\$30,739,963.24
3,342.50		3,342.50
40,264.32	111,059.85	151,324.17
<u>\$12,690,887.73</u>	<u>\$18,203,742.18</u>	<u>\$30,894,629.91</u>
 \$13,970,845.37	 \$12,065,365.03	 \$26,036,210.40
67,965.59	56,153.59	124,119.18
458.77		458.77
10.49	4.04	14.53
500.00	700.00	1,200.00
72,538.19	36,639.27	109,177.46
<u>\$14,112,318.41</u>	<u>\$12,158,861.93</u>	<u>\$26,271,180.34</u>
	 \$ 6,044,880.25	 \$ 6,044,880.25
 (\$ 1,421,430.68)		 (1,421,430.68)
<u>(\$ 1,421,430.68)</u>	<u>\$ 6,044,880.25</u>	<u>\$ 4,623,449.57</u>

EXHIBIT XI

THE CANADIAN WHEAT BOARD
STATEMENT OF 1943 OATS EQUALIZATION FUND
P.C. 4450 and P.C. 8898

For the period from 1st August, 1943, to 31st March, 1945

Equalization fees collected.....	\$23,912,449.29	
Interest credited on surplus funds.....	311,071.16	
		\$24,223,520.45
Deduct: Advance equalization payments to Producers.....	\$15,159,686.40	
Interest allowed to agents re the above pay- ments.....	49,666.77	
Bank charges.....	20.11	
Administrative and general expenses for the year ended 31st July 1944.....	46,343.94	
Provision for the expenses of issuing final payments to Producers and other expenses.....	100,798.49	
		15,356,515.71
Surplus payable to Producers on Oats Equalization Fund as at 31st March 1945.....		\$ 8,867,004.74

THE CANADIAN WHEAT BOARD
STATEMENT OF 1943 BARLEY EQUALIZATION FUND
P.C. 4450 and P.C. 8898

For the period from 1st August, 1943, to 31st July, 1945

Equalization fees collected.....	\$11,796,937.06	
Funds received from the Dominion Government.....	<u>2,063,257.35</u>	
		\$13,860,194.41
Deduct: Advance equalization payments to Producers.....	\$13,743,021.87	
Interest and bank charges.....	133,074.31	
Commission paid to Agent.....	450.00	
Administrative and general expenses:		
For the year ended 31st July 1944.....	33,670.66	
For the year ended 31st July 1945.....	<u>3,615.22</u>	
		<u>13,913,832.06</u>
Deficit on 1943 Barley Equalization Fund to 31st July 1945		<u>\$ 53,637.65</u>

THE CANADIAN
1944 Crop Rapeseed and Sunflower
STATEMENT OF
For the year ended

	Pounds	
	Rapeseed	Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered or to be delivered at Board fixed prices basis F.O.B. shipping points.....	3,485,845	4,486,272
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	3,485,845	59,712
Shrinkage, grade gains and losses, etc., valued at Board fixed prices — per contra.....		75,060
Stocks of sunflower seed on hand, valued at Board fixed prices basis F.O.B. crusher plants.....		4,351,500
	3,485,845	4,486,272
Surplus on rapeseed and sunflower seed transactions exclusive of transportation costs from country points to crusher plants.....		
Deduct: Carrying costs, handling and transportation costs, interest, administrative and general expenses, etc.		
Storage on rapeseed and sunflower seed stored in country and terminal elevators		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on sunflower seed warehoused at interior terminals		
Freight and transportation charges, etc. — from country shipping points to crusher plants		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc. — per contra.....		
Drying and reconditioning charges.....		
Administrative and general expenses.....		
Deficit from the operations of the Wheat Board on 1944 Rapeseed and Sunflower Seed Account — P.C. 4131, for the year ended 31st July 1945.....		

WHEAT BOARD

ed Account — P.C. 4131

OPERATIONS

st July, 1945

A m o u n t

Total	Rapeseed	Sunflower Seed	Total
<u>7,972,117</u>	<u>\$185,693.15</u>	<u>\$212,895.64</u>	\$398,588.79
3,545,557	\$186,695.28	\$ 3,009.51	\$189,704.79
75,060		(3.30)	(3.30)
4,351,500		210,043.20	210,043.20
<u>7,972,117</u>	<u>\$186,695.28</u>	<u>\$213,049.41</u>	<u>399,744.69</u>
			1,155.90
			\$ 14,316.70
			5,794.15
			14,899.42
			4,997.92
			50,220.01
		(\$ 3.30)	
		<u>876.17</u>	872.87
			<u>3,920.92</u>
			<u>95,021.99</u>
			<u>\$ 93,866.09</u>

THE CANADIAN
1943 Crop Rapeseed and Sunflower
STATEMENT
For the period from 1st August

	P o u n d s	S u n f l o w e r S e e d
Rapeseed and sunflower seed acquired:	<u>Rapeseed</u>	
Delivered at Board fixed prices basis F.O.B. shipping points	980,623	4,764
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	980,623	3,665
Shrinkage, grade gains and losses, etc., valued at Board fixed prices — per contra.....		273
Stocks of sunflower seed on hand, valued at Board fixed prices basis F.O.B. crusher plants.....		824
	<u>980,623</u>	<u>4,764</u>
Surplus on rapeseed and sunflower seed transactions exclusive of transportation costs from country points to crusher plants.....		
Deduct: Carrying costs, handling and transportation costs, interest, administrative and general expenses, etc.		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on sunflower seed warehoused at interior terminals		
Freight and transportation charges, etc. — from country shipping points to crusher plants		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc. — per contra.....		
Drying and reconditioning charges.....		
Brokerage charges.....		
Administrative and general expenses to 31st July 1944.....		
Add: Proportion of administrative and general expenses for the year ended 31st July 1945.....		
Deficit from the operations of the Wheat Board on 1943 Rapeseed and Sunflower Seed Account — P.C. 2894, for the period from 1st August 1943 to 31st July 1945.....		

Note: In respect of the deficit shown above, an amount of \$90,589.38 was funded by the Dominion Government on 30th April 1945.

WHEAT BOARD

ed Account — P.C. 2894

OPERATIONS

93, to 31st July, 1945

Amount			
Total	Rapeseed	Sunflower Seed	Total
<u>744,795</u>	<u>\$54,455.45</u>	<u>\$221,987.09</u>	\$276,442.54
645,971	\$54,455.45	\$180,759.51	\$235,214.96
273,997		5,988.40	5,988.40
824,827		39,517.92	39,517.92
<u>744,795</u>	<u>\$54,455.45</u>	<u>\$226,265.83</u>	<u>280,721.28</u>
			4,278.74
			\$ 9,431.45
			7,881.56
			12,187.99
			2,636.56
			58,156.28
		\$ 5,988.40	
		3,365.43	9,353.83
			2.97
		\$ 4,386.66	
		653.71	5,040.37
			<u>104,691.01</u>
			<u>\$100,412.27</u>

THE CANADIAN STATEMENT OF DRAWBACK ACCOUNT

For the period from 1st August 1943 to 31st July 1945

Appropriations received from the Receiver General of Canada.....	
Deduct: Drawback paid to millers and processors of wheat products.....	
Less: Drawback payments recovered from purchasers other than processors	
Refunds of excess profits received from the Commodity Prices Stabilization Corporation Limited.....	
Balances, after net payments to millers and processors.....	
Deduct: Proportion of administrative and general expenses for the fiscal years ended 31st July 1943, 1944 and 1945.....	
Balances of appropriations.....	
Add: Interest earned on funds in banks, net of interest expense and bank charges.....	
Balance of appropriations and net interest earned, as at 31st July 1945.....	
Represented by:	
Funds on deposit in banks.....	\$2,238,093.41
Amount due from 1944 Wheat Crop Account.....	<u>4,159,544.51</u>
	<u><u>\$6,397,637.92</u></u>

HEAT BOARD

-P. C. 9457, 3438, 6602, 7323, 7319

2, to 31st July, 1945

1942 Drawback Account	1943 Drawback Account	1944 Drawback Account	Total
<u>\$7,500,000.00</u>	<u>\$20,000,000.00</u>	<u>\$21,700,000.00</u>	<u>\$49,200,000.00</u>
6,729,374.37	21,710,721.51	18,572,774.91	47,012,870.79
(9,367.44)	(80,587.89)	(87,249.65)	(177,204.98)
	<u>(3,924,379.08)</u>	<u>(189,232.45)</u>	<u>(4,113,611.53)</u>
<u>6,720,006.93</u>	<u>17,705,754.54</u>	<u>18,296,292.81</u>	<u>42,722,054.28</u>
779,993.07	2,294,245.46	3,403,707.19	6,477,945.72
35,705.84	35,286.64	34,537.03	105,529.51
<u>\$ 744,287.23</u>	<u>\$ 2,258,958.82</u>	<u>\$ 3,369,170.16</u>	6,372,416.21
			25,221.71
			<u>\$ 6,397,637.92</u>

THE CANADIAN
STATEMENT OF PROVISIONS FOR FINANCE
To 3

Balances as at 31st July 1944, available for completing final payments to Producers	
Estimated provision for the expenses of issuing final payments to Producers.....	
Deduct: Commissions and exchange, etc., paid to banks, payors and agents.....	
Adjustment to provide for additional final payment cheques issued to Producers.....	
Advance equalization payment adjustments and interest thereon, paid subsequent to determination of final payment prices.....	
Proportion of administrative and general expenses for the year ended 31st July 1945.....	
 Add: Cancellation of levy payable under the Prairie Farm Assistance Act.....	
Refund of Advance Equalization Payment and Final Payment on oats which were reported by Agents on 1943 crop but which should have been reported on 1944 crop.....	
Interest adjustments on surplus funds accruing subsequent to determination of final payment prices.....	
Balances as at 31st July 1945, available for completing final payment to Producers	

HEAT BOARD

PAYMENT EXPENSES—WESTERN DIVISION

r, 1945

<u>1940 Wheat Crop Account</u>	<u>1941 Wheat Crop Account</u>	<u>1942 Wheat Crop Account</u>	<u>1942 Crop Oats and Barley Equalization Fund</u>	<u>1943 Crop Oats Equalization Fund</u>
\$259,357.57	\$124,657.05	\$149,839.44	\$33,976.84	
				\$100,798.49
15,436.61	18,155.99	22,874.63	195.08	32,182.20
			49.36	
				306.19
103,083.54	102,792.56	123,351.07	1,798.25	53,922.42
18,520.15	120,948.55	146,225.70	2,042.69	86,410.81
40,837.42	3,708.50	3,613.74	31,934.15	14,387.68
			15,707.52	
				12,287.18
78,737.04	225,075.88	286,796.09	1,805.19	58,832.93
19,574.46	\$228,784.38	\$290,409.83	\$49,446.86	\$ 85,507.79

EXHIBIT XVII

THE CANADIAN WHEAT BOARD
STATEMENT OF 1944 ONTARIO WHEAT
EQUALIZATION FUND

P.C. 1638

For the year ended 31st July, 1945

Equalization fees collected.....	\$196,997.57
Add: Interest adjustments to 31st July 1945.....	<u>3,892.52</u>
	200,890.09
Deduct: Administrative and general expenses.....	<u>2,572.26</u>
Balance payable to Producers on 1944 Ontario Wheat Equal- ization Fund for the year ended 31st July 1945 — P.C. 1638.....	<u><u>\$198,317.83</u></u>

THE CANADIAN WHEAT BOARD
STATEMENT OF FUNDS REMITTED TO AND FUNDS
RECEIVED FROM THE DOMINION GOVERNMENT
30th April, 1945

	P.C.	Surplus or Deficit as at 31st July 1944	Interest to 30th April 1945	Total
Funds remitted to the Dominion Government:				
Special Account.....	1803	\$2,230,147.23	\$ 50,542.73	\$ 2,280,689.96
1942 Crop Oats and Barley Account.....	1801	336,346.35	7,622.75	343,969.10
		<u>\$2,566,493.58</u>	<u>\$ 58,165.48</u>	<u>\$ 2,624,659.06</u>
Funds received from the Dominion Government:				
1939 Wheat Crop Account		\$ 8,226,850.19	\$186,444.58	\$ 8,413,294.77
1941-1942 Crop Flax Account	1800	754,301.90	17,095.05	771,396.95
1943 Crop Soybeans Account	4010	146.40	3.31	149.71
1942 Crop Soybeans Account	2799	6,919.74	156.83	7,076.57
Crown Wheat Account....	7942	10,125,327.04		10,125,327.04
1943 Barley Equalization Fund	4450 8898	2,063,257.35		2,063,257.35
1943 Crop Rapeseed and Sunflower Seed Account	2894	90,589.38		90,589.38
		<u>\$21,267,392.00</u>	<u>\$203,699.77</u>	<u>\$21,471,091.77</u>

EXHIBIT XIX

THE CANADIAN WHEAT BOARD SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31st July, 1945

Salaries — Board members, officers and staff.....	\$1,114,116.08
Unemployment insurance.....	8,590.52
Advisory Committee — travelling expenses and per diem allowance	8,055.65
Rental and lighting of offices.....	62,360.22
Telephone — exchange service and long distance calls.....	25,693.02
Telegrams and cables.....	13,473.86
Postage and excise stamps.....	62,970.34
Printing and stationery.....	54,852.52
Office supplies and expenses.....	16,179.70
Travelling expenses	32,834.28
Travelling expenses — Inspectors.....	40,096.97
Legal fees	4,559.99
Audit fees.....	58,000.00
Tabulating equipment — rental and supplies, etc.....	62,569.92
Repairs and upkeep of office machinery and equipment.....	1,671.09
Grain market publications.....	2,011.75
Bonds and insurance.....	2,475.84
Grain Exchange dues.....	868.47
Express, freight and cartage on stationery, etc.....	7,207.81
Bailee bank expenses.....	3,488.32
Alterations to offices and fixtures.....	1,789.89
Depreciation on furniture, equipment and automobiles.....	8,677.29

Total administrative and general expenses for the
year ended 31st July 1945.....

\$1,592,543.53

Allocated to operations as follows:

1940 Crop Account — Western Division.....	\$ 103,083.54
1941 Crop Account — Western Division.....	102,792.56
1942 Crop Account — Western Division.....	123,351.07
1943 Crop Account — Western Division.....	163,169.76
1944 Crop Account — Western Division.....	416,476.66
Crown Wheat Account — P.C. 7942 and 1116.....	191,915.40
1944 Ontario Wheat Equalization Fund — P.C. 1638.....	2,572.26
Flax Division — P.C. 7325.....	1,973.17
Flax Division — P.C. 1350.....	21,174.38
1942 Oats and Barley Account.....	1,798.25
1943 Oats Equalization Fund.....	53,922.42
1943 Barley Equalization Fund.....	3,615.22
1944 Oats and Barley Equalization Fund.....	109,177.46
Seeds Division — P.C. 2894.....	653.71
Seeds Division — P.C. 4131.....	3,920.92
Acreage and quota regulations, etc.....	258,409.72
Drawback Account.....	34,537.03

\$1,592,543.53

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REPORT

of

The Canadian Wheat Board

Crop Year 1945-1946

REPORT
of
The Canadian Wheat Board

Crop Year 1945-1946



Report of The Canadian Wheat Board

Crop Year 1945-1946

To:

The HONOURABLE JAMES A. MACKINNON,

Minister of Trade and Commerce,

OTTAWA, Canada.

The major task of all wheat exporting countries in 1945-46 was to provide maximum quantities of wheat and flour to assist importing countries through the first full crop year following the end of the war. In that effort Canada played a leading part and for the third successive year provided wheat exports (including flour) in excess of 340 million bushels. Into the effort of 1945-46 went the last of Canada's wartime reserves of wheat and in the latter part of the crop year exports were determined by the volume of wheat which producers made available at country elevators.

The exceedingly urgent demand for breadstuffs during the crop year was, in part, a legacy of six years of war and, in part, due to the small wheat acreage seeded in Europe in 1945 and a virtual crop disaster which struck the Danubian area, Greece, Italy and North Africa. Thus, import demands were expressed not only in terms of the normal requirements of importing countries and of special demands following the war, but also in terms of the effects of a devastating drought in southern Europe and North Africa.

Wheat production in Europe in 1945 was about 600 million bushels below the pre-war average and this was sufficient in itself to create an acute demand for breadstuffs in Europe. To the effects of reduced production must be added the accumulated food problem following six years of war, and the urgent demands uncovered by the final liberation of Europe and the defeat of Japan. The requirements of India and liberated areas in the Far East were large and urgent.

The full impact of this food position confronted the Cereals Committee of the Combined Food Board early in the crop year. It was evident that Canada and the United States would have to fill the major part of world import requirements. The severity of the crisis and the threat of mass starvation on a large scale called for a major, co-ordinated effort on the part of Canada and the United States. The effectiveness of this effort is indicated by the fact that in the year ending June 30th, 1946, Canada and the United States together exported about 750 million bushels of wheat (including flour) which constituted the largest wheat exports in any twelve-month period in the history of the North American continent. In addition to these supplies of wheat, both countries supplied quantities of other grains for human consumption.

Canada commenced the new crop year with a favourable position for a large export movement of wheat during the first half of the crop year, due to the carryover of 258 million bushels of

wheat on July 31st, 1945. Within this carryover were substantial quantities of wheat in export positions and a "bank" of wheat amounting to over 62 million bushels in country elevators. These stocks were supplemented, of course, by deliveries from the 1945 wheat crop.

Under the circumstances it was logical that Canada should export as much wheat as possible during the first half of the crop year and before the European winter set in. The United States and Southern Hemisphere countries were in a better position to assume a larger responsibility in the last half of the crop year.

The following table shows exports of Canadian wheat (including flour), by months, for the crop year 1945-46:

	(million bushels)
August, 1945	41.4
September	32.1
October.....	43.6
November.....	36.3
December.....	26.1
January, 1946.....	27.1
Total — August - January.....	206.6
February.....	25.1
March.....	28.1
April.....	23.4
May.....	23.1
June.....	21.7
July.....	12.1
Total — February - July.....	133.5
Total — August to July.....	<u>340.1</u>

It will be noted from the foregoing table that in the August-January period Canadian exports of wheat (including flour) amounted to 206.6 million bushels as compared with 133.5 million bushels in the February-July period; 61 percent of total exports of wheat (including flour) were made in the first half of the crop year and 39 percent in the last half of the crop year.

DISTRIBUTION OF WHEAT EXPORTS—1945.46

The part which Canada played in supplying wheat under the circumstances which existed in 1945-46 is illustrated in the following table showing exports of wheat (not including flour) during the August-January period and the February-July period, and total exports for the crop year, by countries of destination.

Exports of Canadian Wheat By Countries of Final Destination
Crop Year 1945-46

	August to January (bushels)	February to July (bushels)	Total (bushels)
United Kingdom.....	64,274,105	59,361,401	123,635,506
Eire.....	3,465,138	681,144	4,146,282
Malta.....	1,227,868	882,508	2,110,376
Egypt.....	1,783,291	2,221,914	4,005,205
British South Africa.....	1,073,070	4,080,000	5,153,070
India.....	17,201,810	3,992,774	21,194,584
Iraq-Iran.....	346,028	500,255	846,283
Palestine.....	186,667	541,310	727,977
New Zealand.....	3,186,232	—	3,186,232
Belgium.....	8,415,006	2,711,032	11,126,038
*Czechoslovakia.....	623,087	943,340	1,566,427
France.....	5,111,878	3,615,833	8,727,711
French Colonies.....	18,895,914	4,518,737	23,414,651
Germany.....	179,973	1,572,899	1,752,872
*Greece.....	5,121,411	590,075	5,711,486
Netherlands.....	14,856,762	170,100	15,026,862
*Italy.....	905,308	2,747,128	3,652,436
Norway.....	2,233,358	1,078,134	3,311,492
*Poland.....	—	1,300,491	1,300,491
Portugal.....	3,339,086	306,409	3,645,495
Switzerland.....	5,479,068	540,325	6,019,393
*Yugoslavia.....	1,561,570	1,447,581	3,009,151
*China.....	1,187,318	942,594	2,129,912
U.S.S.R. (Pacific Area).....	5,613,886	416,941	6,030,827
Colombia.....	896,707	504,152	1,400,859
United States (Consumption and milling in bond).....	9,230,520	3,102,367	12,332,887
Other Countries.....	2,215,784	687,424	2,903,208
TOTAL.....	178,610,845	99,456,868	278,067,713

* Supplied Through UNRRA.

The above table shows:

(a) The heavy concentration of Canadian wheat exports in the first half of the crop year 1945-46;

(b) The wide distribution of Canadian wheat exports among wheat importing countries during the crop year;

(c) The relatively heavy concentration of wheat exports during the February-July period to the United Kingdom as a result of the priority granted that country.

It is interesting to note that during the August-January period 36 percent of Canadian wheat exports went to the United Kingdom, while during the February-July period, 61 percent of the smaller Canadian wheat exports were directed to the United Kingdom. For the crop year as a whole, the United Kingdom took 45 percent of wheat exports from Canada and 55 percent went to other countries.

Shipments of wheat for Yugoslavia, Czechoslovakia, Poland, Greece, Italy and China were made available to UNRRA. During the crop year the requirements of France and French Colonies were very large, and the distribution of Canadian wheat exports as between France and her colonies was left to the decision of French authorities. Wheat supplies for Eire, Egypt, Palestine, Iraq, Iran and British South Africa were largely determined in consultation with the United Kingdom authorities.

All the foregoing exports were programmed through the Cereals Committee of the then existing Combined Food Board and were related to export programmes undertaken by other countries, principally the United States and Australia. In addition to wheat exports, Canada exported 62.0 million bushels of wheat in the form of flour, of which about 28 million bushels went to the United Kingdom and the balance was distributed among a wide range of importing countries. A very substantial volume of Canadian flour was purchased by UNRRA for distribution to countries in receipt of UNRRA assistance.

Effect on Year-End Stocks

The implementation of the foregoing export programme in 1945-46, plus meeting the full requirements of Canadian mills for the production of domestic and export flour, reduced reserve stocks of wheat in Canada to the lowest point since 1937. The carryover on July 31st, 1946 was 69.9 million bushels, of which 27.2 million bushels were on farms. Commercial stocks as at July 31st, 1946 amounted to 42.7 million bushels. Stocks of wheat in export positions were practically exhausted by the end of the crop year, and a substantial part of remaining commercial stocks was required to meet the requirements of Canadian mills until new crop wheat became available in September. This exhaustion of wheat stocks in all positions in Canada as at July 31st, 1946, and especially in wheat stocks in export positions, had an important effect upon the Canadian export position during the first four months of the ensuing crop year.

The year-end position on July 31st, 1946, along with the corresponding position on July 31st, 1945 is shown in the following table:

	July 31st, 1946	July 31st, 1945
	— bushels —	
On Farms	27,203,000	28,650,000
Country and Private Terminal Elevators	11,200,198	61,625,591
Western Mills and Mill Elevators	3,974,865	6,134,868
Interior Terminal Elevators	44,159	10,088,988
Vancouver — New Westminster	1,628,845	13,989,221
Victoria and Prince Rupert	—	1,673,157
Churchill	1,877,737	1,877,737
Fort William — Port Arthur	3,035,317	51,343,939
In Transit — Lakes	1,672,784	5,197,322
In Transit — Rail	6,437,303	24,371,296
Eastern Elevators	9,853,173	30,032,841
Eastern Mills	2,796,800	3,216,769
Total in Canada	69,724,181	238,201,729
Canadian Grain in United States	134,000	20,192,789
Total Canadian Grain in Canada and United States	69,858,181	258,394,518

Meeting the World Food Situation

The co-ordinated distribution of exports of wheat from the chief supplying countries went a long way in meeting the most urgent import requirements. During the crop year there was a deficit in world wheat supplies which could not under any circumstances be overcome. The problem was to make the available supplies in all wheat exporting countries go as far as possible in meeting urgent requirements in both Europe and Asia. An element of flexibility was maintained in the movement of supplies from exporting countries and in this way recurring crises were minimized. There is no doubt that a potential disaster of great magnitude was overcome by exporting countries making available every bushel of wheat and substitute grains which could be made available, and by the co-ordination of exports, particularly on the part of Canada, the United States and Australia. The problem, one of potential hunger and starvation, was reduced to a problem of meagre rations in many countries and malnutrition on a wide scale which was partly relieved with the harvesting of improved grain crops throughout Europe in late June, July and August, 1946. It can be said that Canada, the United States and Australia over-exported wheat during the critical crop year under review. Residual problems were left in all three countries. These problems, however, must be evaluated in terms of the impression which was made upon a severe and far-reaching food crisis.

End of a Cycle

The carryover of wheat having receded to less than pre-war quantities on July 31st, 1946, it is useful to describe some of the major points in Canadian wheat policy and the major objectives of Board administration during the eight crop years from 1938-39 to 1945-46. In many respects the report of the Board for 1945-46 represents the completion of a full cycle in the marketing of Canadian wheat — a cycle which began in 1938-39. The eight crop years from 1938-39 to 1945-46 were eventful; they included the years of the war and the administration of wartime policy in respect to grains. They included years of abundant wheat supplies in Canada; and finally, years when Canadian wheat was one of the main factors in the strategy of the war and one of the most important factors which carried Europe and Asia through the critical year following the end of hostilities. Statistically, these phases are shown below:

Crop Years	Annual Supplies			Annual Disposition		
	Initial Stocks	Annual Production	Total Supplies	Domestic Requirements	Exports	Year-End Stocks
(million bushels)						
Av. 1929 - 30 to						
1938 - 39.....	135	309	444	110	199	135
(10 PRE-WAR-YEARS)						
1938 - 39.....	25	360	385	122	160	103
1939 - 40.....	103	521	624	131	193	300
1940 - 41.....	300	540	840	129	231	480
1941 - 42.....	480	315	795	145	226	424
1942 - 43.....	424	557	981	171	215	595
1943 - 44.....	595	284	879	179	344	356
1944 - 45.....	356	417	773	172	343	258
1945 - 46.....	258	306	564	154	340	70

In these eight crop years the wheat situation in Canada went through two clearly defined phases. The first phase commenced in 1938-39 and continued to the end of 1942-43; the second phase commenced in 1943-44 and continued until the end of 1945-46. While both phases included many of the same basic policies, there was a great difference in the objectives pursued by the Board during these two periods of time.

1938-39 to 1942-43

In 1938-39 wheat production in Canada recovered after the disaster of 1937. The 1938 crop was still below average in size but more wheat was marketed by producers than could be used in Canada or sold abroad under the conditions which then existed. On July 31st, 1939, the Canadian carryover of wheat again exceeded 100 million bushels. This was the position at the outbreak of war in 1939. In 1939 a very large wheat crop of 521 million bushels was harvested in Canada and with export markets restricted at that stage of the war, reserve stocks of wheat in Canada increased to 300 million bushels by July 31st, 1940. Commencing in 1940-41, the main lines of wartime grain policy in Canada were being established as it became apparent that Canada would in all likelihood have to carry a large supply of wheat during the early part of a long war.

In 1940 provision was made for the quota system of deliveries whereby available storage space could be equitably distributed among all producers. In 1940 and 1941 substantial temporary additions were made to storage capacity at country points, at the Lakehead and to a lesser extent in eastern Canada. Early in 1941 it became apparent that existing provisions were inadequate for the administration of wheat policy in Canada as long as the war remained defensive in character and the outlet for wheat was largely confined to the United Kingdom. In 1941-42 a new departure was made in Canadian wheat policy with the introduction of power to limit the volume of wheat marketed by producers in any one crop year. This limitation was based upon the establishment of an "authorized acreage" for delivery purposes for each farm unit in Western Canada.

The physical problem of handling wheat reached its peak during 1942-43, when total supplies of wheat amounted to 981 million bushels and the carryover amounted to 595 million bushels, including 190 million bushels held on farms. At this point, after allowing for working space, practically all storage capacity — temporary and permanent — was completely filled and a substantial quantity of Canadian wheat was in store in the United States. Up to the end of 1942-43 administrative problems confronting the Board were primarily concerned with storage of unprecedented quantities of wheat in Canada and the regulating of the delivery of grain from producers in accordance with available storage space. This was the main characteristic of the period under review.

There were other important features in the early war years; in the face of a temporary abundance of wheat, efforts were made by the Dominion Government to reduce wheat acreage and increase

the acreage seeded to feed grains and flaxseed in order to meet urgent wartime demands for livestock and livestock products and vegetable oils. During this period there was a considerable change in the distribution of acreages in Western Canada as between the various grain crops, and the marketing and handling of feed grains increased in volume and in importance. To encourage the production of oats and barley, minimum prices for these grains were established effective August 1st, 1942.

In the fall of 1941, as part of an over-all programme of price control, a domestic price was established for wheat milled and processed for consumption in Canada. Maximum prices were established for other grains. Early in 1943, Oats and Barley Equalization Funds were established to provide a means by which higher prices existing in export markets might be reflected to producers marketing these grains to the extent that exports were made.

The Board's fixed initial price was reduced from 80 cents per bushel to 70 cents per bushel, effective August 1st, 1939, and continued at this level until August 1st, 1942, when it was increased to 90 cents per bushel, basis Number One Northern wheat in store Fort William/Port Arthur or Vancouver.

In this period the transportation problem consisted of moving wheat to terminal and export positions to relieve congestion in country elevators in order to increase delivery opportunity for western producers. These were the main developments up to July 31st, 1943, a period when vast supplies of wheat were accumulated in Canada against future demands.

1943-44 to 1945-46

During the three crop years from 1943-44 to 1945-46, the objective of Board operations was to move wheat to seaboard as rapidly as possible to meet urgent demand. In 1943-44 the Board felt the first impact of enlarged demand which was to continue steadily until wartime reserves of wheat and current production were to go into consumption in a period of three years. The first large and unexpected demand arose in the United States, and in 1943-44 over 150 million bushels of wheat and a large volume of oats and barley were shipped to the United States for feed purposes. In 1943-44 exports of wheat reached a level of 344 million bushels as compared with an average of slightly over 200 million bushels during the first four years of the war. In 1944-45 developments in the prosecution of the war resulted in the opening of the Mediterranean area and large quantities of Canadian wheat went to this theatre of war; with the invasion of France came the rapid liberation of Western Europe and again large quantities of Canadian wheat were called for. The end of the war in Europe revealed depleted reserves of foodstuffs. In an effort to do as much as possible for millions of people in Europe and in Asia who were in dire need, Canada made available the last of her wartime reserves of wheat and marketings from the 1945 crop. These were the broad factors involved which resulted in the Canadian carryover at July 31st, 1946, being reduced to 70 million bushels and commercial stocks being reduced to 42 million bushels.

Within the framework of these events there were a number of important changes in policy. In September, 1943, the status of The Canadian Wheat Board was changed from that of a voluntary Board to that of a monopoly, and the Board's fixed initial price was increased to \$1.25 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver. At the same time, the Dominion Government, through The Canadian Wheat Board, took over all unsold wheat stocks in Canada. These stocks became known as "Crown" wheat and were used for Mutual Aid purposes and for domestic use. Subsequently further supplies of wheat were purchased by the Dominion Government for Crown Account. Late in 1945-46 the Dominion Government announced that, effective August 1st, 1946, and retroactive to August 1st, 1945, the Board's fixed initial price would be \$1.35 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver; this price guarantee extending to July 31st, 1950. This decision in respect to the Board's fixed initial price paralleled the announcement of the signing of a Wheat Contract between Canada and the United Kingdom.

Effective from August 1st, 1943, the Dominion Government undertook guarantees in respect to the Oats and Barley Equalization Funds which were reflected in advance equalization payments to producers at the time of delivery.

In September, 1945, the Dominion Government placed a temporary limit on export prices for Canadian wheat. This limit (\$1.55 per bushel for Number One Northern in store Fort William/Port Arthur or Vancouver) remained in effect until July 31st, 1946. This level was continued in the United Kingdom contract until July 31st, 1948 and effective August 1st, 1946, export prices to all other countries were allowed to rise to world levels in accordance with government policy as announced by Hon. J. A. MacKinnon, Minister of Trade and Commerce on July 30th, 1946.

During the period under review, payments to producers from 1940, 1941, 1942 and 1943 Crop Accounts were announced, and an additional payment of 10¢ per bushel was provided on 1945-46 deliveries from the 1945 Crop Account. These payments reflected the upward trend in export prices which commenced in the summer of 1943.

During the latter part of the war and the year following the war, the grain transportation problem was one of moving maximum quantities of grain to seaboard to meet urgent demand.

These were the more important objectives and the more important policies involved in Board administration of the wheat situation in Canada for the years 1938-39 to 1945-46. While immense quantities of wheat were involved in these operations, the period ended with wheat stocks in Canada at minimum levels. The Board regarded it as important that post-war wheat policy should not have to take into account carryovers of wheat from the wartime period.

SPECIAL MEASURES IN REGARD TO WHEAT, 1945-46

(a) The British Priority

Early in 1945-46 the demand situation was such that Canada could dispose of wheat in a volume which would later in the crop year reduce the quantities available to the United Kingdom below her minimum requirements. Since Canada had provided practically all imported wheat for the United Kingdom since the outbreak of war in 1939, it was evident that some special arrangements would have to be made if Canada were to continue this position in 1945-46. As a result, cables and letters were exchanged between the Board and the United Kingdom authorities relative to the United Kingdom's wheat requirements for 1945-46 and Canada's ability to meet these requirements in the face of exceptional demand from other countries. The Imported Cereals Division of the Ministry of Food made available to the Board all relevant facts in regard to the United Kingdom's wheat position for 1945-46, including monthly requirements and bulk stocks required to permit continuous operation of United Kingdom mills. As a result of this exchange of information and views, the Board in November, 1945, agreed to supply the United Kingdom with her minimum home requirements for the period from December 1st, 1945 to April 30th, 1946. This commitment was in addition to the supplies of wheat made available to the United Kingdom during the August-November period, which not only met United Kingdom requirements during these months, but resulted in a satisfactory stock position in the United Kingdom as at December 1st, 1945. This decision on the part of the Board was concurred in by the Dominion Government and became an important feature of Canadian wheat policy during the critical winter of 1945-46.

The arrangement in respect to the United Kingdom was in terms of her minimum home requirements. In these negotiations, the United Kingdom did not suggest more than assurance in regard to her minimum home requirements in view of the food situation confronting other countries.

(b) Limitation of Export Price of Wheat Price Guaranteed to Producers

On September 19th, 1945, the Dominion Government announced that for the time being Canadian wheat was to be offered for export at a price not exceeding \$1.55 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver.

At the same time the Dominion Government announced that "as a further means of stabilizing wheat prices during the post-war period, it is the intention that steps shall be taken to ensure that producers will not at any time up to July 31st, 1950, receive less than \$1.00 per bushel for Number One Manitoba Northern wheat, basis in store Fort William/Port Arthur or Vancouver, on the authorized deliveries for each crop year".

The reasons for these two decisions on the part of the Dominion Government and the specific instructions to The Canadian Wheat Board in respect to export prices for Canadian wheat are set forth in Order in Council P.C. 6122, September 19th, 1945.

(c) Cessation of Mutual Aid

At midnight September 1st, 1945, sales of wheat under Mutual Aid ceased in Canada. Mutual Aid funds first became available in 1943 and large quantities of wheat and flour went abroad as a direct charge against these funds. After September 1st, 1945, the sale of Canadian wheat and flour became subject to cash settlement or a charge against credit arrangements negotiated by various importing countries with the Canadian Government. Pursuant to this decision, the Board's Crown Wheat Account was closed out as at the close of business on September 1st, 1945.

(d) United Kingdom Wheat Contract

On July 25th, 1946, the Honourable J. A. MacKinnon, Minister of Trade and Commerce, made the following statement in the House of Commons:

"Agreement has been reached between the Government of the United Kingdom and the Government of Canada for the purchase by the former of Canadian wheat over the four years beginning 1st August, 1946.

The Agreement provides that the United Kingdom will purchase and the Canadian Government will supply the following quantities each year: 1946-47 — 160 million bushels, 1947-48 — 160 million bushels, 1948-49 — 140 million bushels, 1949-50 — 140 million bushels. The contract provides that in the event of the United Kingdom requiring from Canada any additional quantities which the Canadian Government offers and the United Kingdom Government accepts shall in all respects be subject to the provisions of the Agreement. Part of the quantity of wheat specified in the contract will be supplied in the form of flour to the following amounts:— 1946-47 — 500,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1947-48 — 400,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1948-49 — a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1947; 1949-50 — a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1948. The price which the United Kingdom Government undertake to pay for the wheat supplied is as follows: basis Number One Manitoba Northern, in store Fort William/Port Arthur, Vancouver or Churchill: 1946-47 — a fixed price of 1.55 dollars per bushel; 1947-48 — a fixed price of 1.55 dollars per bushel; 1948-49 — a minimum price of 1.25 dollars per bushel, the actual price to be negotiated by 31st December, 1947; 1949-50 — a minimum price of 1 dollar per bushel, the actual price to be negotiated by 31st December, 1948. The contract provides that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements later concluded to which both Governments are parties. Nothing in the Agreement will affect decisions which may be taken on the basis of recommendations of the I.E.F.C. The contract is based upon commercial considerations of mutual interest. It ensures to the United Kingdom substantial quantities of wheat during the expected period of shortage at prices below those which would be payable were there to be a free market at the present time. This is the commercial advantage which the United Kingdom

secures. In the later period of the contract Canada receives the advantages of a guaranteed market, though for a diminished quantity, and of the assurance of at least the stated minimum prices. In determining the actual price in the last two years regard will be had to the extent to which the agreed price for the first two years falls below the world price for that period. Our farmers are therefore protected from crippling losses should there be a world slump in wheat prices. This is the commercial advantage which Canada secures."

(e) Special Income Tax Arrangement

In March, 1946 the Dominion Government announced an Income Tax Arrangement on wheat marketed between April 1st, 1946 and June 30th, 1946. The arrangement as set forth in Order in Council P.C. 1243, April 1st, 1946, includes the following provisions.

- (1) Producers delivering wheat between April 1st, 1946 and June 30th, 1946 could market wheat in the usual manner or take advantage of the Special Income Tax Arrangement. In other words, it was an optional plan.
- (2) Producers taking advantage of the Special Income Tax Arrangements could do so only on wheat marketed between April 1st, 1946 and June 30th, 1946.
- (3) Producers choosing to take advantage of the Special Income Tax Arrangement and delivering and selling wheat between April 1st, 1946 and June 30th, 1946 received:
 - (a) A 1945-46 Participation Certificate entitling them to share in any further distribution from the 1945-46 Board Account;
 - (b) An Emergency Wheat Receipt equivalent to the present fixed, initial price of \$1.25 per bushel basis in store Fort William/Port Arthur or Vancouver, less freight and handling costs.
- (4) The Emergency Wheat Receipt was actually the equivalent of a sale but the cash settlement was deferred. Upon acceptance of the Emergency Wheat Receipt, the producer elected to take payment at any time up to and including December 31st, 1948. The date of accepting payment determined the year in which the payment was applied for income tax purposes.
- (5) In the case of deliveries made on or after April 1st, 1946 and up to close of business on June 30th, 1946, a producer could elect to take either the total settlement in cash or partly in cash, and the balance under the Emergency Wheat Receipt plan.
- (6) If at any time prior to December 31st, 1948, a producer desires to take settlement for part of the Emergency Wheat Receipts which he holds, The Canadian Wheat Board will, upon request and surrender of the Emergency Wheat Receipts, make payment for the desired amount and issue a new Emergency Wheat Receipt for the balance.

(f) Special Conservation and Export Programme

On March 18th, 1946, Rt. Hon. W. L. Mackenzie King announced a special programme designed, in part, to reduce the consumption of breadstuffs in Canada and to facilitate the export of wheat and wheat flour to meet an "urgent and desperate" food situation abroad. Of particular importance to the wheat situation in Canada was the announcement of the intention of the Dominion Government to:

- (a) Reduce wheat available for domestic milling by 10% as compared with the corresponding months of 1945;
- (b) Reduce the use of wheat for distilling by 50% as compared with the year previous;
- (c) To encourage reduction in inventories of wheat and wheat products;
- (d) To grant priorities for rail transportation of wheat for export; and
- (e) Provide for the release of increased quantities of oats and Number 4 Northern wheat for export.

The Special Income Tax Arrangement outlined above was part of the programme announced by the Prime Minister.

1945-46 GRAIN PROGRAMME

During the crop year 1945-46 The Canadian Wheat Board administered a grain and oilseed programme which closely paralleled the programme in effect in the previous crop year. The main features of the 1945-46 programme were as follows:

1. Wheat

In accordance with Order in Council P.C. 2550, April 12th, 1945, the Board continued to handle all wheat marketed by producers in the Western Division. The Board's fixed initial price for 1945-46 was \$1.25 per bushel basis Number One Northern wheat in store Fort William/Port Arthur or Vancouver. Under the terms of Order in Council P.C. 3222, July 30th, 1946, an additional payment of 10 cents per bushel was authorized on 1945-46 wheat deliveries to the Board.

2. Wheat—Limitation of Marketings

Pursuant to Order in Council P.C. 2550, April 12, 1945, the Board was empowered to restrict marketings of wheat in the Western Division to 14 bushels per authorized acre. As the 1945 wheat crop was small and the demand continued on a high level, it was possible for the Dominion Government to authorize the Board to take all wheat offered by producers during the crop year.

3. Ontario Winter Wheat

As in 1944-45, The Canadian Wheat Board was exempted from carrying out its obligations under Section 14 of The Canadian Wheat Board Act (Order in Council P.C. 4645, July 5th, 1945). Under the

same Order in Council the Board was charged with the responsibility of maintaining a floor price of \$1.25 per bushel for top grades of Ontario Winter Wheat basis in store Montreal. The Ontario Wheat Equalization Fund was continued in 1945-46 in accordance with Order in Council P.C. 4646, July 5th, 1945.

4. Barley—Minimum and Maximum Prices

Under Order in Council P.C. 2550, April 12th, 1945, the Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William/Port Arthur; No. 1 Canada Western 2 Row or 6 Row Barley, or No. 2 Canada Western 2 Row or 6 Row — 60¢ per bushel; No. 3 Canada Western — 58¢ per bushel; or No. 1 Feed — 56¢ per bushel.

The maximum price of barley was 64 $\frac{3}{4}$ ¢ per bushel basis in store Fort William/Port Arthur or Vancouver.

5. Oats—Minimum and Maximum Prices

Under Order in Council P.C. 2550, April 12th, 1945, the Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William/Port Arthur: No. 2 Canada Western Oats — 45¢ per bushel; Extra No. 3 Canada Western, No. 3 Canada Western or Extra No. 1 Feed — 42¢ per bushel; or No. 1 Feed — 40¢ per bushel.

The maximum price of oats was 51 $\frac{1}{2}$ ¢ per bushel basis in store Fort William/Port Arthur or Vancouver.

6. Flaxseed—Fixed Prices

For the crop year 1945-46 The Canadian Wheat Board was designated the sole agency to receive commercial flaxseed from producers in Canada. Under Order in Council P.C. 2550, April 12th, 1945, The Canadian Wheat Board was empowered to buy flaxseed at \$2.75 per bushel basis No. 1 Canada Western Flaxseed in store Fort William/Port Arthur or Vancouver, and the grade No. 1 Canada Eastern Flaxseed in store Montreal. Under the same Order the Board was required to sell flaxseed on the domestic market at \$1.64 per bushel basis No. 1 Canada Western Flaxseed in store Fort William/Port Arthur, and No. 1 Canada Eastern Flaxseed in store Montreal. The Board was required to fill domestic requirements before offering flaxseed for export.

7. Sunflower Seed and Rapeseed—Guaranteed Prices

Under Order in Council P.C. 859, February 9th, 1945, the Board was empowered to buy sunflower seed and rapeseed from producers on the basis of 5¢ per pound and 6¢ per pound respectively, for top grades f.o.b. shipping points designated by the Board. The

Board's power to purchase rapeseed at the established prices was limited to the Western Division. The Order in Council provided that sunflower seed and rapeseed so purchased should be in reasonably clean condition and with a moisture content not exceeding limits to be established by the Board.

8. Drawback on Wheat Products

Under Order in Council P.C. 5768, August 28th, 1945, The Canadian Wheat Board was charged with the administration of drawbacks paid in respect to flour and other human foods containing wheat, sold and delivered in Canada between August 1st, 1945 and July 31st, 1946.

9. Price Ceilings on Whole Grains

The Board continued to act as Western Administrator of ceiling prices on whole grains on behalf of the Wartime Prices and Trade Board.

10. Equalization Funds

Under provisions of Order in Council P.C. 2550, April 12th, 1945, the Board continued to administer the Barley Equalization Fund and the Oats Equalization Fund.

Under Order in Council P.C. 2550, April 12th, 1945, the Dominion Government guaranteed the Equalization Funds to the extent of 10 cents per bushel on oats and 15 cents per bushel on barley. On September 25th, 1945, Order in Council P.C. 6238 was passed amending Western Grain Regulations to provide for an increase in the advance equalization payment on barley to 20 cents per bushel, and prohibiting maltsters from paying a premium on the purchase of barley for malting purposes. This action was taken on account of the shortage of feed grains in Canada and the necessity of prohibiting exports of barley of all types during the crop year 1945-46. The 20 cent Advance Equalization Payment to producers applied on barley marketings from August 1st, 1945 to July 31st, 1946.

DEVELOPMENT OF THE 1945 CROP

(a) Acreages

Wheat acreage in 1945 showed only a slight increase over the area sown in 1944. Wheat acreage in Canada amounted to 23,414,100 acres as compared with 23,284,200 acres in 1944. In the Prairie Provinces 22,566,000 acres were seeded to wheat as compared with 22,443,800 acres in 1944. Small decreases were shown in the area sown to rye and flaxseed.

(b) Growing Conditions

A cold, late spring delayed seeding. A very high percentage of the western grain crop was seeded after May 15th. Cool, dry weather continued for the greater part of the month of June. During the last week in June the first high temperatures of the growing season were reported and large areas in western Saskatchewan and central

and northern Alberta urgently required rain. Deterioration had been severe in many of the drier areas and central and northern Alberta had experienced one of the driest seasons on record. General rains were received early in July but subsequent moisture supplies were not sufficient to change the general pattern of the crop. By the end of July crop conditions remained favourable in Manitoba and the more easterly areas in Saskatchewan, as well as in the foothills area and the Peace River area of Alberta. Crop deterioration was severe throughout the greater part of western Saskatchewan, and south-eastern, central and northern Alberta. The Canadian wheat crop was estimated at 306 million bushels as compared with 417 million bushels in 1944, and the Prairie wheat crop was estimated at 282 million bushels as compared with 392 million bushels in 1944.

The following table shows grain production in Canada and the Prairie Provinces in 1942, 1943, 1944 and 1945:

	All Canada				Prairie Provinces			
	1942	1943	1944	1945	1942	1943	1944	1945
	(million bushels)				(million bushels)			
Wheat.....	557	284	417	306	529	268	392	282
Oats.....	652	482	500	382	500	392	371	273
Barley.....	259	216	195	158	241	204	178	144
Rye.....	25	7	9	6	23	6	7	4
Flax.....	15	18	10	8	15	18	9	7
Total.....	1,508	1,007	1,131	860	1,308	888	957	710

Total grain and flaxseed production in Canada decreased by about 270 million bushels as compared with 1944. Prairie production of all grains and flaxseed declined by over 240 million bushels as compared with 1944.

(c) Total Supplies

Total supplies of each of the major grain and oilseed crops showed substantial decrease as compared with 1944-45 due, in part, to smaller inward carryovers and, in part, to smaller production in 1945 as compared with 1944. Total supplies of wheat were 209 million bushels lower than in 1944-45. The following table shows total supplies of grain in Canada:

	Wheat		Oats		Barley		Rye		Flaxseed	
	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6
	(million bushels)									
Carryover										
July 31st.....	356	258	109	98	46	29	6	2	4	3
Production	417	306	500	382	195	158	9	6	10	8
Total.....	773	564	609	480	241	187	15	8	14	11

BOARD RECEIPTS, PRICES AND EXPORTS

WHEAT

(a) Board Receipts—Western Division

In accordance with Order in Council P.C. 2550, April 12th, 1945, all deliveries in 1945-46 in the Western Division were made to the Board. The following table shows receipts from producers at country and terminal elevators, by months, for the crop year 1945-46:

	(Bushels)
August, 1945	3,589,863-50
September	39,748,569-45
October	65,332,903-05
November	37,170,458-20
December	10,599,689-15
January, 1946	25,107,176-45
February	5,163,978-30
March	6,536,636-40
April	8,674,632-55
May	10,077,977-25
June	9,553,202-10
July	13,883,317-10
Total	<u>235,438,405-50</u>

Deliveries of wheat in 1945-46 reflected the small wheat crop harvested in that year.

(b) Prices—Western Division

Under Order in Council P.C. 2550, April 12th, 1945, and effective until July 31st, 1946, the Board was required to pay producers a fixed initial price of \$1.25 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. Order in Council P.C. 5476, August 7th, 1945, established Board prices for other grades of wheat. Under Order in Council P.C. 3222, July 30th, 1946, an additional payment of 10¢ per bushel was authorized to producers delivering wheat to the Board in the crop year 1945-46.

(c) Prices—Eastern Division

Under Order in Council P.C. 4645, July 5th, 1945, the Board was charged with the responsibility of guaranteeing a minimum price of \$1.25 per bushel for No. 1 Canada Eastern Wheat basis in store Montreal.

As prices for Canada Eastern Winter Wheat remained at ceiling levels throughout 1945-46, it was not necessary for the Board to take delivery of wheat pursuant to maintaining the floor price.

(d) Exports

Overseas clearances and other exports of Canadian wheat in 1945-46 amounted to 278 million bushels as compared with 280 million bushels in 1944-45. Flour exports continued on a very high level and amounted to the equivalent of 62 million bushels of wheat as compared with the equivalent of 63 million bushels in 1944-45. Total exports of wheat and flour for the crop year 1945-46 amounted to 340 million bushels as compared with 343 million bushels in 1944-45.

OATS

(a) Minimum Prices

Order in Council P.C. 2550, April 12th, 1945, required the Board to maintain minimum prices for oats through purchases of either futures or cash oats. During the crop year 1945-46 it was not necessary for the Board to purchase oats pursuant to maintaining minimum prices.

(b) Exports

During the crop year 1945-46, 43.9 million bushels of oats (including rolled oats and oatmeal) were exported as compared with 84.9 million bushels in 1944-45. Oats exports in 1945-46 went to a wide range of countries, and to a large extent were used for human consumption. Exports to the United States were much smaller than in the two preceding crop years.

(c) Oats Shipments—Freight Assistance Policy

During 1945-46 shipments of oats to Eastern Canada and British Columbia under the Freight Assistance Policy amounted to 52.2 million bushels as compared with 42.7 million bushels in the previous crop year.

BARLEY

(a) Minimum Prices

Order in Council P.C. 2550, April 12th, 1945, required the Board to maintain minimum prices for barley through purchases of either futures or cash barley. During the crop year 1945-46 it was not necessary for the Board to purchase barley pursuant to maintaining minimum prices.

(b) Exports

During the crop year 4.4 million bushels of barley were exported as compared with 39.4 million bushels in the previous crop year; the principal market was in the United States. Exports of barley were restricted in 1945-46 because of the domestic feed situation.

(c) Barley Shipments—Freight Assistance Policy

During the crop year 35.5 million bushels of barley were moved to Eastern Canada or British Columbia under the Freight Assistance Policy as compared with 30.6 million bushels in the preceding crop year.

FLAXSEED

In 1945-46 the Board took delivery of 4,856,203-24 bushels of flaxseed from producers and 17,371-28 bushels were transferred from the 1944 Crop Account, making total receipts of 4,873,574-52 bushels. Sales amounted to 4,595,040-34 bushels, leaving stocks on hand on July 31st, 1946 of 278,534-18 bushels. Under Order in Council P.C. 2550, April 12th, 1945, the Board was required to purchase flaxseed from producers at \$2.75 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur, and No. 1 C.E. Flaxseed basis in store Montreal. In accordance with the same Order in Council the Board was required to sell flaxseed to domestic processors at the ceiling price of \$1.64 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur and No. 1 C.E. Flaxseed basis in store Montreal. Since the bulk of sales were for domestic account, the 1945 Crop Account showed a deficit of \$2,510,417.07 as at July 31st, 1946.

The 1944 Crop Account, with all stocks disposed of, showed a deficit of \$4,098,108.66 as at July 31st, 1946. This deficit was due to large domestic sales at the prevailing ceiling price of \$1.64 per bushel.

As provided in Order in Council P.C. 2550, April 12th, 1945, net losses to the Board arising from flaxseed operations are chargeable to the Consolidated Revenue Fund.

SUNFLOWER SEED AND RAPESEED

In 1945-46 the Board received 6,604,242 pounds of rapeseed and 3,179,084 pounds of sunflower seed. As provided by Order in Council P.C. 859, February 9th, 1945, and in accordance with instructions of the Oils and Fats Administrator of the Wartime Prices and Trade Board, the Board sold sunflower seed and rapeseed to processors in Canada, f.o.b. their plants on the same price basis as these seeds were purchased from producers f.o.b. shipping points. In disposing of these seeds as directed, the Board absorbed carrying charges, handling and transportation costs, interest and administrative expenses which were in turn chargeable to the Treasury. With all stocks disposed of, the deficit in respect to the 1945-46 Rapeseed and Sunflower Seed Account amounted to \$62,898.86 as at July 31st, 1946, and the deficit on the 1944-45 Sunflower Seed and Rapeseed Accounts amounted to \$112,850.00 as at July 31st, 1946.

EQUALIZATION FUNDS

Owing to the large utilization of oats and barley for feed purposes in Canada in 1945-46, the Oats Equalization Fund and the Barley Equalization Fund recorded deficits as at July 31st, 1946. In

the case of oats, the Equalization Fees collected amounted to \$11,359,033.51 while Advance Equalization Payments to producers and administrative costs amounted to \$11,512,742.40, leaving a net deficit of \$153,708.89. In respect to barley, Equalization Fees collected amounted to \$983,735.37, while Advance Equalization Payments to producers and administrative costs totalled \$14,996,755.65. The deficit in the Barley Equalization Fund, namely, \$14,013,020.28 was due to the action taken by the Dominion Government under Order in Council P.C. 6238, September 25th, 1945, which provided for an increase in the Advance Equalization Payment on barley to 20 cents per bushel, and prohibition of exports of barley during the crop year 1945-46. This action was taken owing to the urgent need for barley for feeding purposes in Canada. A small amount of barley went for export early in the crop year under export permits outstanding as at July 31st, 1945. Equalization Fees were collected on exports of barley malt and other products of barley. The Equalization Fund also benefited from the collection of a 5 cent premium on barley used for malting purposes in Canada, in accordance with Order in Council P.C. 6238.

Ontario Wheat Equalization Fund

Pursuant to Order in Council P.C. 4646, July 5th, 1945, the Board levied Equalization Fees on exports of Ontario wheat flour and products of Ontario wheat.

During the crop year 1945-46 Equalization Fees were levied against 157,462 barrels of Ontario wheat flour and a small amount of Ontario wheat which went for export during the crop year. As at July 31st, 1946, the Ontario Equalization Fund amounted to \$270,417.67 which amount, less payment costs and plus accumulated interest, will be available for distribution among producers marketing winter wheat in Ontario in 1945-46.

SALES AND PRICE POLICY

During the first half of the crop year the Board moved export wheat into seaboard positions in large volume, and in the latter half of the crop year to the extent that remaining supplies of wheat in Canada would permit. This policy the Board considered sound from a merchandising standpoint in addition to offering the best means by which this country could contribute to the desperate food situation which prevailed in overseas countries throughout the crop year. The extent to which the Board pressed for a prompt movement of export wheat may be illustrated by the fact that exports of wheat (including wheat in the form of flour) amounted to 206.6 million bushels during the first half of the crop year and 133.5 million bushels during the last half. Under the circumstances which prevailed at the time, it was the desire of most importing countries in Europe to secure as much wheat as possible prior to the winter months of 1945-46. During the final quarter of the crop year, exports of Canadian wheat were relatively small and conformed to the supply position which prevailed in this country. Every available bushel was exported and only minimum stocks remained in Canada on July 31st, 1946. As in previous years, exports of Canadian wheat were co-ordinated with exports from other countries through the Cereals Committee of the International Emergency Food Council, and/or the Combined Food Board.

By authority of Order in Council P.C. 1116, February 20th, 1945 and Order in Council P.C. 4647, July 5th, 1945, the Board was required to make wheat available for consumption in Canada at the domestic price of \$1.25 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver.

For the greater part of the crop year 1945-46 the Board's export price policy was in terms of Order in Council P.C. 6122, September 19th, 1945, which required that for the time being, Canadian wheat be offered for export at a price not exceeding \$1.55 per bushel for No. 1 Northern basis in store Fort William/Port Arthur or Vancouver.

TRANSPORTATION

The facilities of the Emergency Grain Transportation Committee were used throughout the crop year 1945-46 in co-ordinating transportation in Canada with transportation problems as they developed. Transportation available for the movement of grain, including railways and lake vessels, was adequate throughout the crop year. During the fall months of 1945 it was not only possible to provide exceedingly large stocks of wheat at seaboard but, in addition, over 90 million bushels of wheat were in eastern storage positions at the close of navigation on the Great Lakes. The westward movement of wheat from Alberta kept well ahead of arriving ocean tonnage until late in the crop year.

In the final quarter of the crop year availability of stocks of grain became a limiting factor and it was not possible to use the volume of transportation which would otherwise have been available. Taking the crop year as a whole, transportation facilities in Canada geared themselves very closely with the domestic and export requirements. Particular reference should be made to the work of the railways in Western Canada in reducing country elevator stocks to 11.2 million bushels on July 31st, 1946, with a substantial part of these stocks either held for mills or in unshippable quantities.

DELIVERY QUOTAS

As a result of country elevator space available at the start of 1945-46 and the rapid movement of wheat to seaboard, it was possible to increase delivery quotas quickly. The initial wheat quota was established at 5 bushels per authorized acre, but the Board immediately increased delivery quotas at local delivery points in accordance with space available. On September 6th, 1945 a general wheat delivery quota of 14 bushels per authorized acre was established throughout Western Canada. On October 4th, 1945 the Honourable J. A. MacKinnon, Minister of Trade and Commerce, announced in the House of Commons that the 14-bushel limitation on marketings was being removed for the crop year 1945-46. On the following day the Board announced an "open" delivery quota on wheat at all delivery points in the Western Division, effective until July 31st, 1946.

In order to assist in meeting the demand for feed grains, the Board extended the "open" delivery quota on oats and barley in effect on July 31st, 1945, to August 31st, 1945. On August 30th the Board announced an "open" delivery quota on barley for the balance of 1945-46. At the same time the "open" delivery quota on oats was extended to September 14th, 1945. On September 13th the Board announced that the initial 1945-46 delivery quota on oats would become effective on September 17th and would be established at 5 bushels per seeded acre. At the same time it was pointed out that some restriction had to be maintained on oats in order to facilitate the rapid movement of wheat to the Lakehead and to the West Coast during the early part of the marketing year. On December 27th, 1945, a 10 bushel delivery quota became effective in respect to oats. On December 31st an "open" delivery quota was established for oats except at a few delivery points where the quota of 15 bushels per seeded acre was maintained for a short period. The delivery quotas in respect to oats were completely open on February 11th, 1946.

At the commencement of the crop year the Board announced that delivery quotas would not be established for 1945-46 in respect to flax or rye.

PACIFIC COAST

In 1945-46 there was a large movement of western wheat for export via Pacific Coast ports. Wheat shipments from Pacific Coast ports amounted to 69.5 million bushels as compared with 12.2 million bushels in 1944-45. The export wheat movement through Pacific Coast ports was in line with the movement recorded in the most favourable pre-war years.

The following table shows receipts at and shipments from Pacific Coast elevators in 1945-46 with comparative statistics for previous years:

Receipts

	Wheat	Oats	Barley (bushels)	Rye	Flaxseed
1945 - 46.....	55,552,120	3,703,540	1,111,603	65,236	1,433
1944 - 45.....	11,863,854	2,910,017	402,293	65,233	—
1943 - 44.....	21,159,259	2,328,219	959,785	36,047	248,053

Shipments

	Wheat	Oats	Barley (bushels)	Rye	Flaxseed
1945 - 46.....	69,503,624	4,315,374	1,007,763	89,126	1,991
1944 - 45.....	12,179,566	2,703,010	387,864	62,870	—
1943 - 44.....	24,243,051	2,540,337	923,315	37,087	247,193

CHURCHILL

There were no shipments out of Churchill in 1945-46. Stocks in store at this port amounted to 1,877,737 bushels as at July 31st, 1946.

LONDON OFFICE

Mr. R. V. Biddulph, European Commissioner, continued his liaison work with the Imported Cereals Division of the United Kingdom Ministry of Food. During the year, Mr. Biddulph returned to Canada for consultation with the Board and discussions in connection with overseas developments.

WASHINGTON OFFICE

During 1945-46 the Cereals Committee of the Combined Food Board and later the International Emergency Food Council played an important part in programming the movement of grain and flour from exporting countries to areas of need. As a result, the Board's office in Washington, D.C. was active throughout the crop year. During the year Mr. C. C. Boxer was appointed as the Board's representative in Washington and as a representative of the Department of Trade and Commerce on the Cereals Committee.

ADVISORY COMMITTEE

During 1945-46 the Advisory Committee held five meetings. Members of the Advisory Committee during 1945-46 were: Messrs. Lew Hutchinson (Chairman), Duhamel, Alberta; R. C. Brown, Pilot Mound, Manitoba; D. A. Campbell, Montreal; F. H. Clendenning, Vancouver; P. Farnalls, Halkirk, Alberta; J. Theo Roy, Montreal; J. A. McCowan, Summerberry, Saskatchewan; F. Pettypiece, Auld, Ontario; R. C. Reece, Winnipeg, A. C. Reid, Winnipeg and J. H. Wesson, Regina, Saskatchewan.

In February, 1946, Mr. R. C. Reece resigned from the Advisory Committee. The Board records its appreciation of the services rendered by Mr. Reece from the time of his appointment in August, 1940.

Mr. C. Gordon Smith, formerly Assistant Chief Commissioner of the Board, was appointed to the Advisory Committee in March, 1946.

THE CANADIAN WHEAT BOARD

In February, 1947 Mr. C. E. Huntting resigned as Assistant Chief Commissioner. Mr. W. C. McNamara was appointed Assistant Chief Commissioner to succeed Mr. Huntting and Mr. F. L. M. Arnold was appointed to the vacancy on the Board.

OPERATING AND FINANCIAL SUMMARY

Appended hereto will be found the Report and Exhibits submitted by the Board's Auditors, Messrs. Millar, Macdonald & Co., for the 1945-46 crop year, together with an index for ready reference.

During the period under review the Board continued its operations with regard to wheat and its other activities, all of which are explained in detail in the appended Report. A review of these

statements gives a most comprehensive picture of the extent of the Board's operations during the year. The Commissioners again desire to record their appreciation to the members of the staff for their loyalty and the manner in which they have handled the numerous problems as they arose, and also for the co-operation and assistance rendered by the Auditors.

In reviewing the statements appended hereto each one clearly shows whether the operations have been completed, and, if not, the unsold position as at the date of the Balance Sheet.

1945 CROP

Deliveries by producers to agents of the Board, by province and classification, were as follows:

	Northern (Red Spring) Wheat	Garnet Wheat	Durum Wheat	Other Wheats	Total
Manitoba.....	28,854,304-20		1,201,857-00	8,637-30	30,064,798-50
Saskatchewan.	136,492,821-35	423,777-55	2,827,074-15	107,943-55	139,851,617-40
Alberta.....	60,100,641-40	3,421,877-05	92,893-10	1,906,577-25	65,521,989-20
	<u>225,447,767-35</u>	<u>3,845,655-00</u>	<u>4,121,824-25</u>	<u>2,023,158-50</u>	<u>235,438,405-50</u>

Deliveries, as reported by the Board's Agents monthly, are shown elsewhere in this Report.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of the Board is submitted in Exhibit I. Exhibit II shows the component items making up each of the assets and liabilities. Details of the figures contained in this Exhibit under the heading of "Totals for Coarse Grains, Seeds, etc." are shown in Exhibit III.

Exhibit I

Dominion of Canada 3% Bonds at Cost

The following summary shows the par value and cost of the purchases made in each of the various issues acquired over the period from December 28th, 1945 to May 16th, 1946:

	Par Value	Cost
1957.....	\$14,000,000.00	\$14,395,000.00
1959.....	12,000,000.00	12,331,875.00
1960.....	13,500,000.00	13,864,250.00
1962.....	13,000,000.00	13,622,500.00
1963.....	10,500,000.00	11,006,750.00
1966.....	12,000,000.00	12,395,500.00
	<u>\$75,000,000.00</u>	<u>\$77,615,875.00</u>

Stocks of Cash Grain

Wheat Stocks

Included under this heading are Board wheat stocks in country and terminal elevators or in transit, totalling 23,718,776-43 bushels, 4,177,188-18 bushels of which represent wheat sold provisionally to the Board's Agents. The valuation of these wheat stocks is reflected in the Balance Sheet.

Loading Charges

These charges are recoverable from sales of wheat in seaboard positions when the sales are consummated. Corresponding charges which will be payable by the Board form the bulk of the liability shown under the heading of "Accrued Expenses Payable".

Flax Stocks

These stocks were also being carried in country and terminal elevators, in crushing plants or in transit. They were valued basis Board fixed prices as at August 1st, 1946, in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at ceiling prices.

Accounts Receivable

Dominion Government

This amount represents expenditures which are not a charge against the producers.

Sundry Accounts

The large total shown against this item is represented almost wholly by moneys due to the Board from its Agents, settlement for which was received subsequent to the date of the Balance Sheet.

Memberships

All memberships carried are necessary for the conduct and operation of the Board and comprise three memberships in the Winnipeg Grain Exchange; one in the Vancouver Merchants' Exchange; one membership in the Winnipeg Grain and Produce Exchange Clearing Association Limited (commonly termed the "Clearing House"), and a membership in the Lake Shippers' Clearance Association. All memberships are valued at cost less dividends received.

Due from the Dominion Government

This item is composed of the deficit in Crown Wheat Account of \$30,918,859.88, together with the deficits in respect of flaxseed, oats and barley and seeds account amounting to \$20,846,059.06, as detailed in Exhibit VIII.

Liability to Agents

At the time grain is delivered by producers to the country elevators of the companies who act as Agents of the Board, the producers receive payment on the basis of the initial prices, and the liability continues to be carried by the companies until such time as the grain is unloaded in a deliverable position.

Amounts Due to Producers

The amounts due in respect of the various payments are shown separately. It is of interest to note that at May 31st, 1947, the 1940 wheat payment was 99.124% completed; the 1941 and 1942 crop payment, 99.042% and the 1943 crop payment, 88.266%.

Drawback Account

This amount is carried for the purpose of paying drawback claims to millers and other processors of wheat for human consumption in Canada. An estimate is prepared annually of the amount required for this purpose, covering the fiscal year of the Dominion Government which ends March 31st. On the basis of this estimate appropriations are authorized by the Government from time to time upon which the Board draws as required. Full details of the operation of Drawback Account are furnished annually to the Treasury Department.

Accounts Payable

This amount almost wholly comprises oats and barley advance equalization payments made by the handling companies but not settled for until after the date of the Balance Sheet, plus an amount due to the Board of Grain Commissioners for Canada in respect of the P.F.A.A. levy on the 1943 final wheat payment.

STATEMENT OF OPERATIONS

The various Exhibits dealing with the operations of the Board are largely self-explanatory and require little comment.

Carrying Charges and Other Costs

Carrying charges on wheat and flaxseed in country elevators represent storage and interest charges paid and payable to the Agents of the Board up to the date of the Balance Sheet. These charges continue until such time as the grain reaches a deliverable position, when it is taken over and paid for by the Board.

Storage on Wheat Stored in Terminal Elevators and Mills

This item covers storage paid and accrued on wheat carried at the lakehead, Pacific Coast, eastern and interior terminals and mills.

Exhibit VII

This Exhibit shows the final wheat payments made and also the various equalization payments, with the balances payable to producers as at the date of the Balance Sheet.

Exhibit XIX

The appropriations received from the Receiver General of Canada are shown in this Exhibit, together with claims paid, recoveries made from purchasers other than producers, and refunds of excess profits received from the Commodity Prices Stabilization Corporation Limited.

Respectfully submitted,

GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

F. ARNOLD,
Commissioner

Winnipeg, Manitoba
June 14th, 1947.

THE CANADIAN WHEAT BOARD
AUDITORS' REPORT AND FINANCIAL STATEMENTS

31st July 1946

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Auditors' Report — Pages 23 to 33.

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- Exhibit II. Statement of Assets and Liabilities and Consolidation Thereof.*
- Exhibit III. Statement of Assets and Liabilities and Consolidation Thereof — Coarse Grains, Seeds and Drawback Account.*
- Exhibit IV. Statement of Operations, Crown Wheat Account — P.C. 7942 and 1116.*
- Exhibit V. Statement of Operations, 1945-49 Pool Account, Western Division P.C. 3222.*
- Exhibit VI. Statement of Operations, 1944 Crop Account — Western Division.*
- Exhibit VII. Statement of Final Payments to Producers.*
- Exhibit VIII. Statement of Amounts Due from the Dominion Government — Coarse Grains and Seeds Accounts.*
- Exhibit IX. Statement of Operations, 1945 Crop Account, Flax Division — P.C. 2550.*
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- Exhibit XI. Statement of Surplus, 1943 Crop Account, Flax Division — P.C. 7325.*
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- Exhibit XIV. Statement of 1944 Barley Equalization Fund — P.C. 5998.*
- Exhibit XV. Statement of Deficit, 1943 Barley Equalization Fund — P.C. 4450 and 8898.*
- Exhibit XVI. Statement of Operations, 1945 Crop Rapeseed and Sunflower Seed Account — P.C. 859.*
- Exhibit XVII. Statement of Operations, 1944 Crop Rapeseed and Sunflower Seed Account — P.C. 4131.*
- Exhibit XVIII. Statement of Operations, 1943 Crop Rapeseed and Sunflower Seed Account — P.C. 2894.*
- Exhibit XIX. Statement of Drawback Account, 1945, 1944, 1943 and 1942 Drawback Accounts — P.C. 5768, 7319, 6602, 7323, 9457, 3438.*
- Exhibit XX. Statement of Provisions for Final Payment Expenses — Wheat Accounts.*
- Exhibit XXI. Statement of Provisions for Final Payment Expenses — Oats and Barley Accounts.*
- Exhibit XXII. Statement of 1945 Ontario Wheat Equalization Fund — P.C. 4646.*
- Exhibit XXIII. Statement of 1944 Ontario Wheat Equalization Fund — P.C. 1638.*
- Exhibit XXIV. Statement of Funds Remitted to and Funds Received from the Dominion Government.*
- Exhibit XXV. Schedule of Administrative and General Expenses for the year ended 31st July 1946.*

MILLAR, MACDONALD & Co.
CHARTERED ACCOUNTANTS

26th May 1947

To the Commissioners,
The Canadian Wheat Board,
Winnipeg, Manitoba.

Gentlemen:—

We have conducted an audit of the books and accounts of The Canadian Wheat Board for the fiscal year ended 31st July 1946 and now submit for your information the attached financial statements comprising a Consolidated Balance Sheet (Exhibit I.) which sets forth the financial position of the Wheat Board as at the foregoing date, together with other statements showing the results of operations to the close of the fiscal period, all as tabulated in the Index preceding this report.

Summary of Operations for the Fiscal Year

The following operations of the Board which were in process at 31st July 1945 were continued in the 1945-46 fiscal year:

1. The marketing of wheat delivered by producers to the Board in the Western Division in the crop year 1944-45.
2. The administration of Order-in-Council P.C. 1116 of 20th February 1945 as follows:

- (a) The marketing of wheat transferred from the 1944 Crop Account to the account of His Majesty at a price of \$1.43 per bushel basis One Northern in store Fort William/Port Arthur or Vancouver. In terms of Order-in-Council P.C. 1956 of 23rd March 1945, wheat so transferred to His Majesty was made available to fill Mutual Aid requirements at a price of \$1.46 per bushel basis One Northern in store Fort William/Port Arthur or Vancouver.

In terms of Order-in-Council P.C. 1116 the Board was authorized to transfer 100,000,000-00 bushels from the 1943 and 1944 Crop Accounts to the account of His Majesty, but upon completion of the final accounting the total requirement was ascertained to be 93,966,451-57 bushels.

- (b) The marketing of wheat necessary to fill Domestic requirements for the period from 1st August 1945 to 31st July 1946, at a price of \$1.25 per bushel basis One Northern in store Fort William/Port Arthur or Vancouver. Under the Order, all of this wheat was drawn from the 1944 Crop Account at the above price basis, and the Board was reimbursed for carrying charges thereon computed at the average per bushel rate for the 1944 Crop Account.

Under the authority of Order-in-Council P.C. 4869 of 26th November 1946, the Board was authorized to transfer the sum of \$12,000,000.00 from the 1945 Crop Account to the 1944 Crop Account, so "that the provision of wheat for domestic purposes be more equitably divided between the 1944 and 1945 Crop Accounts". The effective date of this transfer is 26th November 1946 but the transaction has been reflected in the attached financial statements as at 31st July 1946.

3. The control and marketing of flaxseed on hand at 31st July 1945 as authorized by Order-in-Council P.C. 1350 of 6th March 1944.

4. The control and marketing of sunflower seed on hand at 31st July 1945, as authorized by Orders-in-Council P.C. 4131 of 1st June 1944 and P.C. 2894 of 9th April 1943.

In addition to the foregoing, the following new operations were undertaken during the period under review:

1. The marketing of wheat delivered by producers to the Board in the Western Division in the crop year 1945-46.
2. Under Order-in-Council P.C. 2550 of 12th April 1945 the Board was empowered as follows:
 - (a) To purchase oats and barley futures and cash oats and barley, and to collect equalization fees on oats and barley exported from Canada, the proceeds of these fees to be placed in the Oats Equalization Fund and the Barley Equalization Fund. The Dominion Government guaranteed the Oats Equalization Fund to the extent of 10 cents per bushel and the Barley Equalization Fund to the extent of 15 cents per bushel. By Order-in-Council P.C. 6238 of 25th September 1945 the Dominion Government increased the guarantee on the Barley Equalization Fund to 20 cents per bushel effective 1st August 1945. The Government further provided that the foregoing guaranteed amounts were to be payable to producers on delivery of oats and barley, in the form of advance equalization payments.
 - (b) To control the marketing of flaxseed delivered by producers to the Board during the 1945-46 crop season.
3. The Board was authorized by Order-in-Council P.C. 859 of 9th February 1945 to control the marketing of rapeseed and sunflower seed delivered by producers to the Board during the 1945-46 crop season.
4. Under the terms of Order-in-Council P.C. 4646 of 5th July 1945, the Board was empowered to collect equalization fees on Ontario wheat or wheat products exported from Canada during the period from 1st July 1945 to 30th June 1946. The proceeds of these fees were placed in the Ontario Wheat Equalization Fund for later equitable distribution to producers who lawfully delivered and sold Ontario wheat to a dealer during the period indicated.
5. Under Order-in-Council P.C. 4645 of 5th July 1945, the Board was authorized to accept wheat from producers in Ontario, delivered in the 1945-46 crop season, at \$1.25 per bushel basis Montreal.

The market price for Ontario wheat remained above this figure throughout the period indicated, hence no deliveries of Ontario wheat were received by the Board.

6. The Board was charged with the administration of Order-in-Council P.C. 5768 of 28th August 1945, which authorized payments to flour millers in respect of flour or other human foods containing western wheat used in Canada, computed as follows:
 - (a) The bushels of western wheat used in production of flour or other human foods, multiplied by,
 - (b) A rate per bushel being the excess of the monthly average price determined by The Canadian Wheat Board over the price of 77½¢ per bushel determined by the Wartime Prices and Trade Board.

STATEMENTS OF OPERATIONS

Crown Wheat Account—P.C. 7942 and 1116

The operations on Crown Wheat Account authorized by Orders-in-Council P.C. 7942 of 12th October 1943, and P.C. 1116 of 20th February 1945, resulted in a deficit of \$30,918,859.88 for the period from 28th September 1943 to 31st July 1946 as set forth in Exhibit IV. In respect of this deficit an amount of \$10,125,327.04 was funded by the Dominion Government on 30th April 1945 which was the deficit shown on Crown Wheat Account to 31st July 1944.

No provision for interest and other expenses has been made beyond the close of the fiscal year and the deficit shown should therefore not be viewed as the final amount for which the Board will be reimbursed from moneys appropriated by Parliament in accordance with the provisions of the previously mentioned Orders-in-Council.

1945-49 Pool Account, Western Division—P.C. 3222

1944 Crop Account—Western Division

The operations of the Board on these accounts to 31st July 1946, resulted in a surplus of \$39,522,861.29 on 1945-49 Pool Account and \$65,151,436.73 on 1944 Crop Account as set forth in Exhibit V. and VI.

The surplus on 1945-49 Pool Account has been determined after valuing holdings of cash wheat at Board fixed prices basis \$1.55 per bushel for One Northern in store Fort William/Port Arthur or Vancouver, but without provision for carrying costs, interest, etc. beyond the close of the fiscal year.

Cash grain transactions on 1944 Crop Account were completed as at 31st July 1946, and subject to interest credits and minor adjustments subsequent to that date, the indicated surplus will be the approximate amount which will be available for distribution to producers on the outstanding participation certificates of the 1944 crop year.

During the 1945-46 fiscal year, overages, etc. at country elevators amounting to 2,219,453-00 bushels were purchased by the Board from its Agents and included in the 1944 Crop Account, basis \$1.25 per bushel for One Northern in store Fort William/Port Arthur or Vancouver. The surplus resulting from the marketing of the overages will, therefore, eventually be paid to producers in the final participation payment on the 1944 Crop Account.

There is no specific provision in the Act authorizing the purchase and sale of overages. This question has been reviewed by your solicitor, Mr. H. B. Monk, K.C., and he has expressed the opinion that the Board has the power to acquire the overages without additional authority.

Final Payments to Producers

1940 Crop Account—Western Division

1941 Crop Account—Western Division

1942 Crop Account—Western Division

1943 Crop Account—Western Division

A summary of the amounts payable to producers on these accounts and the final payments completed to 31st July 1946 is set forth in Exhibit XII. Details of the expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XX.

In respect of the 1943 Crop Account, the surplus payable to producers as set forth in Exhibit VII. is the accumulated surplus to 31st July 1946 only. Additional interest on surplus funds to 30th November 1946 was included in determining the final surplus distributable to producers on the outstanding participation certificates of the 1943 Crop Account, as set forth in our report dated 29th August 1946.

Flax Division—P.C. 2550, 1350, 7325

The results of operations in connection with flaxseed acquired in terms of Order-in-Council P.C. 2550 of 12th April 1945 and Order-in-Council P.C. 1350 of 6th March 1944, are set forth in Exhibits IX. and X. respectively. Cash grain transactions in respect of flaxseed acquired in terms of Order-in-Council P.C. 7325 of 21st September 1943, were completed as at 31st July 1945, and resulted in a surplus of \$1,675,676.98 as at that date. Changes in this surplus to 31st July 1946 are set forth in Exhibit XI. Under Order-in-Council P.C. 5795 of 30th August 1945, exporters of linseed oil, other than The Canadian Wheat Board, who exported linseed oil during the year under review, were required to pay a benefit to the Board before export from Canada could be made. Benefit, in terms of the Order, is the amount by which the Board fixed price paid to producers for flaxseed, plus a carrying charge not to exceed 3 cents per bushel, exceeds the maximum price at which the Board sells flaxseed to domestic crushers and processors. The amounts payable under this Order are determined by the Wartime Prices and Trade Board, and amounts so received by the Board under this Order for the year ended 31st July 1946, have been credited to the 1945 Crop Flax Account. The results of operations on the Flax Division (1945, 1944 and 1943 Crop Accounts) show a net deficit of \$4,881,567.44 to 31st July 1946, after valuing flaxseed stocks on hand at Board fixed prices as at 1st August 1946, basis in store Fort William/Port Arthur or Montreal, less provision for stocks to be sold to domestic crushers and processors at maximum prices — (P.C. 3222 and P.C. 3856), but without provision for carrying costs and expenses beyond 31st July 1946.

After liquidation of flaxseed stocks on hand, the final deficit or surplus will accrue to the Consolidated Revenue Fund of the Dominion of Canada.

Oats and Barley Division—P.C. 2550, 6238, 5998, 8898, 4450

Under authority of Order-in-Council P.C. 2550 of 12th April 1945 the Board continued to levy and collect equalization fees for the exportation of oats and barley during the 1945-46 crop season. The Board was also empowered to pay advance equalization payments of 10 cents per bushel on oats and 15 cents per bushel on barley, to producers who lawfully delivered and sold oats and barley during the 1945-46 crop season. By Order-in-Council P.C. 6238 of 25th September 1945 the advance equalization payment on barley was increased to 20 cents per bushel, effective from 1st August 1945.

Transactions on the 1945 Oats Equalization Fund and the 1945 Barley Equalization Fund resulted in deficits of \$153,708.89 and \$14,013,020.28 respectively as set forth in Exhibit XII. These deficits will be paid to the Board out of moneys appropriated by Parliament.

Cheques for the total amount of the final payment on the 1944 Barley Equalization Fund, as set forth in Exhibit XIV. were issued by the Board on 6th June and 11th June 1946. A summary of the amount payable to producers and the final payments completed to 31st July 1946, is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XXI. The deficit on the 1944 Oats Equalization Fund as set forth in Exhibit XIII. will be paid to the Board out of moneys appropriated by Parliament.

A summary of the final payments to producers on the 1942 Oats Equalization Fund, the 1942 Barley Equalization Fund and the 1943 Oats Equalization Fund, and the payments completed to 31st July 1946 is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payments to producers are set forth in Exhibit XXI.

The deficit on the 1943 Barley Equalization Fund as set forth in Exhibit XV. is after crediting to the Fund the amount of \$2,063,257.35 which was received from the Dominion of Canada 30th April 1945. The balance of \$55,739.44 will be paid to the Board out of moneys appropriated by Parliament.

Seeds Division—P.C. 859, 4131, 2894

The results of operations in connection with rapeseed and sunflower seed acquired in terms of Orders-in-Council P.C. 859 of 9th February 1945, P.C. 4131 of 1st June 1944 and P.C. 2894 of 9th April 1943, are set forth in Exhibits XVI.,

XVII., and XVIII. respectively, and show a net deficit on the Seeds Division of \$275,750.54 to 31st July 1946. Cash grain transactions on the Seeds Division were completed as at 31st July 1946 and this deficit together with interest beyond 31st July 1946 will be paid to the Board from moneys appropriated under the War Appropriations Act. In respect of the deficit shown above an amount of \$90,589.38 was received from the Dominion Government on 30th April 1945, which represented the deficit on the Seeds Division to 31st July 1944.

Drawback Account—P.C. 5768, 7319, 6602, 7323, 9457, 3438

Under Orders-in-Council P.C. 5768 of 28th August 1945, P.C. 7319 of 19th September 1944, P.C. 7323 of 20th September 1943, P.C. 6602 of 19th August 1943 and P.C. 9457 of 16th October 1942, the Board was charged with the administration of drawback payments to flour millers and processors in accordance with the terms of the above Orders. The results of these operations for the period from 1st August 1942 to 31st July 1946 are set forth in Exhibit XIX. The amounts shown as refunds of excess profits represent the recorded receipts from the Commodity Prices Stabilization Corporation Limited to 31st July 1946. Order-in-Council P.C. 5768 of 28th August 1945, also provided for the recovery of expenses incurred by the Board in administering these regulations.

1945 Ontario Wheat Equalization Fund—P.C. 4646

1944 Ontario Wheat Equalization Fund—P.C. 1638

Under Order-in-Council P.C. 4646 of 5th July 1945 the Board was empowered to levy and collect equalization fees for the exportation of Ontario wheat or wheat products from Canada. Operations on the 1945 Ontario Wheat Equalization Fund resulted in a surplus of \$270,417.67 as set forth in Exhibit XXII. This amount, after deduction of necessary expenses will be paid to producers who lawfully delivered and sold Ontario wheat to a dealer during the 1945-46 crop year.

Cheques for the total amount of the final payment on the 1944 Ontario Wheat Equalization Fund, as set forth in Exhibit XXIII. were issued by the Board on 28th June 1946. A summary of the amount payable to producers and the final payments completed to 31st July 1946 is set forth in Exhibit VII. Expenses estimated and incurred incident to the issuing of the final payment to producers are set forth in Exhibit XX.

Schedule of Administrative and General Expenses

Total expenditures under this heading for the year under review amounted to \$1,595,576.33, comprising expenses incurred at the Winnipeg, Calgary, Vancouver, Toronto, Washington (United States) and London (England) offices of the Board. Of these expenditures an amount of \$232,814.12 has been charged to the Dominion Government in respect of expenses incurred in the administration of Acreage and Quota Regulations, etc. In accordance with the provisions of Order-in-Council P.C. 5768 of 28th August 1945, an amount of \$39,121.38 has been charged to Drawback Account for the cost of administering the Drawback Regulations during the 1945-46 fiscal year. The balance of the administrative and general expenses has been allocated to the Board operations principally on the basis of bushels handled on each account during the 1945-46 crop year.

CONSOLIDATED BALANCE SHEET

We have examined grain documents on hand and have obtained certificates from bankers covering grain documents held by them for the account of the Board. Stocks of grain in the custody of Agents, in country elevators, terminal elevators and mills, etc., have been verified by reference to grain records maintained by the Board in which reports submitted by Agents are regularly recorded. In our opinion the asset "stocks of cash grain, etc., \$38,621,392.58" is correctly stated on the basis of valuations indicated on the Consolidated Balance Sheet. We have received certificates from bankers in verification of funds on deposit and the Bank of Canada have confirmed direct to us that as at 31st July 1946 they held in safekeeping for the account of The Canadian Wheat Board, Dominion of Canada bonds having a par value of \$75,000,000.00. We have verified the calculation of the accrued interest on these bonds to 31st July 1946. Satisfactory evidence has been produced for our inspection in confirmation of all other assets.

We have also obtained certificates from bankers in verification of the liability for bank overdrafts, and have checked the computations of the liability to Agents for grain purchased but not yet delivered. We have also checked the computations of the liabilities to producers for emergency wheat receipts issued under the authority of P.C. 1243 of 1st April 1946, and for the additional 10¢ payment on the 1945 Crop Account authorized by Order-in-Council P.C. 3222 of 30th July 1946. Other liabilities have been verified by reference to creditors' statements, sales contracts and other data, and are correctly stated to the best of our information and belief.

In the course of our audit we have examined vouchers and other documentary evidence in support of grain and financial transactions, and have obtained all the information and explanations which we have required from members of the Board and from its officers and employees. The transactions have been verified in such detail and to such extent as we have considered adequate in view of the system of internal accounting control maintained by the Board.

In terms of the foregoing, we report that in our opinion the attached Consolidated Balance Sheet (Exhibit I.) and related statements of operations are properly drawn up so as to present respectively a true and correct view of the financial position of The Canadian Wheat Board as at 31st July 1946, and of the results of its operations for the periods ended on that date, according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN CONSOLIDATED

As at 31s

ASSETS

Funds on deposit.....		\$ 35,388,130.44
Dominion of Canada 3% bonds at cost — P.C. 7310.... (Market value \$78,521,250.00)	\$77,615,875.00	
Accrued interest thereon	<u>772,500.00</u>	78,388,375.00
Stocks of cash grain, etc. — (In terms of inventories prepared by responsible officials):		
Wheat stocks (valued on the basis of Board fixed prices basis \$1.55 per bushel for One Northern in store Fort William/Port Arthur or Vancouver).....	\$36,284,332.81	
Loading and transportation charges, etc., to be recovered from sales of wheat in eastern and seaboard positions.....	<u>1,558,921.37</u>	
Flax stocks (valued on the basis of Board fixed prices as at 1st August 1946 — P.C. 3222, basis in store Fort William/Port Arthur or Montreal — less provision for stocks to be sold to domestic crushers and processors at maximum prices — P.C. 3222, 3856).....	<u>776,102.81</u>	
Flax sold but not delivered (valued at sales prices)	<u>2,035.59</u>	38,621,392.58
Accounts receivable — Dominion Government.....	\$ 499,085.22	
— sundry accounts.....	<u>14,232,337.86</u>	14,731,423.08
Memberships — In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association.....		15,551.63
Office furniture, equipment and automobiles, at cost less depreciation.....		56,810.58
Due from the Dominion Government:		
Net deficit resulting from the operations of the Wheat Board in respect of Crown Wheat Account — P.C. 7942 and 1116; coarse grains and seeds accounts — P.C. 2550, 1350, 7325, 6238, 5998, 4450, 8898, 859, 4131, 2894.....	\$51,764,918.94	
Less: Funds transferred from the Depart- ment of Finance, Ottawa.....	<u>10,215,916.42</u>	<u>41,549,002.52</u>
		<u>\$208,750,685.83</u>

Approved:

GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

F. ARNOLD,
Commissioner

WHEAT BOARD

BALANCE SHEET

July 1946

LIABILITIES

Liabilities to banks — overdrafts.....		\$ 14,918.18
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board:		
Wheat	\$21,268,207.86	
Flax	210,872.17	21,479,080.03
Amounts due to Producers — Western Division:		
Emergency wheat receipts — P.C. 1243.....	\$ 9,347,228.07	
1942 Oats and Barley final payment — P.C. 4450.....	6,530.37	
1943 Oats final payment — P.C. 4450 and 8898..	56,455.58	
1944 Barley final payment — P.C. 5998.....	588,726.53	9,998,940.55
Amounts due to Producers — Eastern Division:		
1944 Ontario Wheat Equalization Fund final payment — P.C. 1638.....	\$ 26,387.43	
1945 Ontario Wheat Equalization Fund — P.C. 4646.....	270,417.67	296,805.10
Amounts due to Producers on the outstanding certificates:		
Western Division — 1940, 1941, 1942 and 1943 Crop Accounts final payments	\$37,413,586.83	
— Additional payment on 1945 Crop Account at 10¢ per bushel.....	23,543,840.58	
	60,957,427.41	
Eastern Division — 1939 and 1940 Crop Accounts final payments..	5,583.03	60,963,010.44
Provisions for expenses of issuing final payments.....		1,368,489.03
Drawback Account — balance of appropriations.....		569,420.60
1930 Wheat Crop Equalization Payment Account — residue made available to The Canadian Wheat Board		70,679.25
Advances received on Agency wheat stocks.....		5,096,964.59
Accounts payable.....		2,320,365.59
Accrued expenses payable — freight, storage charges, etc.....		1,897,714.45
Surplus from the operations of the Wheat Board — Western Division:		
1944 Crop Account for the period from 1st August 1944 to 31st July 1946.....	\$65,151,436.73	
1945-49 Pool Account for the year ended 31st July 1946.....	39,522,861.29	104,674,298.02
		<u>\$208,750,685.83</u>

This is the Consolidated Balance Sheet which is referred to in our report of this date attached hereto.

Winnipeg, Manitoba,
26th May, 1947

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

THE CANADIAN STATEMENT OF ASSETS AND LIABILITIES

As at 31

ASSETS

1940, 1941, 1942 and
1943 Wheat Crops
Final Payment
Accounts

Funds on deposit — general accounts.....	
— Emergency wheat receipts.....	
Dominion of Canada 3% bonds — P.C. 7310.....	
Accrued interest thereon.....	
Stocks of cash grain, etc.:	
Wheat stocks.....	
Loading and transportation charges, etc.....	
Flax stocks.....	
Flax sold but not delivered.....	
Accounts receivable.....	
Grain trade memberships.....	
Office furniture, equipment and automobiles.....	
Due from the Dominion Government:	
Net deficit resulting from operations.....	
Less: Funds transferred from the Department of Finance, Ottawa.....	

\$ —

LIABILITIES

Liability to banks — overdrafts.....	\$ 1,902.33
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board.....	
Amounts due to Producers:	
Western Division — Emergency wheat receipts — P.C. 1243 — 1942 Oats and Barley Equalization Funds, 1943 Oats Equalization Fund and 1944 Barley Equalization Fund — P.C. 4450, 8898, 5998 — (Exhibit VII.).....	
Eastern Division — 1944 and 1945 Ontario Wheat Equal- ization Funds — P.C. 1638, 4646 — (Exhibits VII. and XXII.).....	
Amounts due to Producers on the outstanding certificates:	
Western Division — 1940, 1941, 1942 and 1943 Crop Accounts final payments — (Exhibit VII.).....	37,413,586.83
— Additional payment on 1945 Crop Ac- count at 10¢ per bushel.....	
Eastern Division — 1939 and 1940 Crop Accounts final payments.....	
Provisions for expenses of issuing final payments — (Exhibits XX. and XXI.).....	1,182,126.59
Drawback account — balance of appropriations — (Exhibit XIX.).....	
1930 Wheat Crop Equalization Payment Account.....	
Advances received on Agency wheat stocks.....	
Accounts payable.....	370,961.28
Accrued expenses payable.....	
Surplus resulting from operations — Western Division.....	
Amounts due to and from other Board accounts.....	(38,968,577.03)

\$ —

WHEAT BOARD AND CONSOLIDATION THEREOF July 1946

1944 Wheat Crop Account	1945-49 Pool Account P.C. 3222	Crown Wheat Account P.C. 7942 P.C. 1116	Totals for Coarse Grains, Seeds, etc.	Totals for Consolidated Balance Sheet
	\$ 25,445,630.56		\$ 608,817.68	
	9,333,682.20			\$ 35,388,130.44
	77,615,875.00			77,615,875.00
	772,500.00			772,500.00
	36,284,332.81			36,284,332.81
	1,558,921.37			1,558,921.37
			776,102.81	776,102.81
			2,035.59	2,035.59
\$ 1,915,012.01	11,236,725.98	\$ 576,529.14	1,003,155.95	14,731,423.08
	15,551.63			15,551.63
	56,810.58			56,810.58
		30,918,859.88	20,846,059.06	51,764,918.94
		(10,125,327.04)	(90,589.38)	(10,215,916.42)
<u>\$ 1,915,012.01</u>	<u>\$162,320,030.13</u>	<u>\$21,370,061.98</u>	<u>\$23,145,581.71</u>	<u>\$208,750,685.83</u>
	\$ 760.54		\$ 12,255.31	\$ 14,918.18
\$ 2,490.77	21,265,717.09		210,872.17	21,479,080.03
	9,347,228.07			9,347,228.07
			651,712.48	651,712.48
	296,805.10			296,805.10
				37,413,586.83
	23,543,840.58			23,543,840.58
	5,583.03			5,583.03
	4,532.37		181,830.07	1,368,489.03
			569,420.60	569,420.60
		\$ 70,679.25		70,679.25
25,119.19	5,096,964.59			5,096,964.59
38,682.74	30,471.99	12,459.12	1,881,354.01	2,320,365.59
65,151,436.73	1,844,723.66		14,308.05	1,897,714.45
(63,302,717.42)	39,522,861.29			104,674,298.02
	61,360,541.82	21,286,923.61	19,623,829.02	
<u>\$ 1,915,012.01</u>	<u>\$162,320,030.13</u>	<u>\$21,370,061.98</u>	<u>\$23,145,581.71</u>	<u>\$208,750,685.83</u>

THE CANADIAN
STATEMENT OF ASSETS AND LIABILITIES
COARSE GRAINS, SEEDS
As at 31st

ASSETS

Funds on deposit	
Stocks of cash grain, etc.:	
Flax stocks.....	
Flax sold but not delivered	
Accounts receivable	
Due from the Dominion Government:	
Net deficit resulting from operations — (Exhibit VIII.)	
Less: Funds transferred from the Department of Finance, Ottawa.....	

LIABILITIES

Liability to banks — overdrafts.....	
Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board.....	
Amount due to Producers on 1942 Oats and Barley Equalization Funds, 1943 Oats Equalization Fund and 1944 Barley Equalization Fund — P.C. 4450, 8898, 5998	
Provision for expenses of issuing final payments on 1942 Oats and Barley Equalization Funds, 1943 Oats Equalization Fund and 1944 Barley Equal- ization Fund — P.C. 4450, 8898, 5998.....	
Drawback Account — balance of appropriations.....	
Accounts payable	
Accrued expenses payable	
Amounts due to and from other Board accounts.....	

WHEAT BOARD AND CONSOLIDATION THEREOF AND DRAWBACK ACCOUNT

July 1946

Flax Division P.C. 2550 P.C. 1350 P.C. 7325	Oats and Barley Division P.C. 2550 P.C. 6238 P.C. 5998 P.C. 4450 P.C. 8898	Seeds Division P.C. 859 P.C. 4131 P.C. 2894	Drawback Account P.C. 5768 P.C. 7319 P.C. 6602 P.C. 7323 P.C. 9457 P.C. 3438	Total
	\$ 208.33		\$608,609.35	\$ 608,817.68
\$ 776,102.81				776,102.81
2,035.59				2,035.59
1,002,514.59		\$ 641.36		1,003,155.95
4,881,567.44	15,688,741.08	275,750.54		20,846,059.06
		(90,589.38)		(90,589.38)
<u>\$6,662,220.43</u>	<u>\$15,688,949.41</u>	<u>\$185,802.52</u>	<u>\$608,609.35</u>	<u>\$23,145,581.71</u>
	\$ 12,255.31			\$ 12,255.31
\$ 210,872.17				210,872.17
	651,712.48			651,712.48
	181,830.07			181,830.07
			\$569,420.60	569,420.60
4,928.85	1,876,374.50	\$ 50.66		1,881,354.01
14,149.37		158.68		14,308.05
6,432,270.04	12,966,777.05	185,593.18	39,188.75	19,623,829.02
<u>\$6,662,220.43</u>	<u>\$15,688,949.41</u>	<u>\$185,802.52</u>	<u>\$608,609.35</u>	<u>\$23,145,581.71</u>

THE CANADIAN

Crown Wheat Account

STATEMENT OF

For the period from inception (28th

Wheat acquired:

Purchases of country elevator stocks at closing market prices 27th September 1943, basis in store Fort William/Port Arthur or Vancouver.....	
Purchases of terminal stocks at closing market prices 27th September 1943, basis in store Fort William/Port Arthur or Vancouver.....	
Purchases of overages, etc., at terminal and country elevators, at Board fixed prices basis in store Fort William/Port Arthur or Vancouver.....	
Purchases under authority of Order-in-Council P.C. 1116 of 20th February 1945:	
Section 2A — Interim Mutual Aid.....	
Section 2B — Interim Domestic.....	
Section 3 — Replenishment account.....	

Wheat sold:

Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:

Sales at Class I prices.....	
Sales under authority of Order-in-Council P.C. 1116 of 20th February 1945:	
Section 3 — Replenishment account.....	
Net proceeds from sales.....	
Surplus on cash wheat transactions.....	

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....	
Storage on wheat stored in terminal elevators and mills.....	
Interest and bank charges.....	
Freight recovered on wheat shipped from points tributary to Vancouver.....	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....	
Drying, reconditioning charges, grade adjustments, etc.....	
Brokerage and commission charges.....	
Administrative and general expenses to 31st July 1945.....	

Add: Proportion of administrative and general expenses for the year ended 31st July 1946.....

Add: Carrying costs paid or payable to 1943 and 1944 Crop Accounts under authority of Section 10 of Order-in-Council P.C. 1116 of 20th February 1945.....

Deficit from the operations of the Wheat Board on Crown Wheat Account, Western Division — P.C. 7942 and 1116, for the period from inception (28th September 1943) to 31st July 1946.....

Note: In respect of the deficit shown above, an amount of \$10,125,327.04 was funded by the Dominion Government on 30th April 1945.

WHEAT BOARD

- P.C. 7942 and 1116'

OPERATIONS

September 1943) to 31st July 1946

Bushels

Amount

205,939,797-10

\$242,573,885.37

91,795,621-11

109,059,268.29

2,704,583-45

3,218,821.10

48,311,877-10

\$ 71,187,795.86

9,886,640-00

11,771,904.54

93,966,451-57152,164,969-07132,637,527.50215,597,227.90452,604,971-13

\$570,449,202.66

358,638,519-16

\$435,073,893.39

93,966,451-57135,456,558.31452,604,971-13570,530,451.70

\$ 81,249.04

\$ 18,657,241.54

1,112,238.75

\$ 19,769,480.29

3,670,666.74

(5,900.79)

90,535.98

3,516.28

119,153.26

\$ 303,019.49

51,053.39354,072.8824,001,524.646,998,584.2831,000,108.92\$ 30,918,859.88

THE CANADIAN
1945-49 Pool Account
STATEMENT OF
For the year ended

Wheat acquired:

Delivered or to be delivered by Agents, on behalf of Producers, at Board fixed prices basis \$1.35 per bushel for One Northern in store Fort William/Port Arthur or Vancouver.....
Purchases of overages, etc., at terminal and country elevators, at Board fixed prices basis \$1.25 per bushel for One Northern in store Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:
Sales at Class II prices.....
Add: Additional differential charges, storage and interest recovered.....
Net proceeds from sales.....

Stocks of wheat, valued on the basis of Board fixed prices basis \$1.55 per bushel for One Northern in store Fort William/Port Arthur or Vancouver:
On hand.....
In the custody of Agents.....

Surplus on cash wheat transactions.....

Deduct: Funds to be transferred to the 1944 Crop Account under authority of Order-in-Council P.C. 4869 of 26th November 1946, so that the provision of wheat for domestic purposes shall be more equitably divided between the 1944 and 1945 Crop Accounts.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....
Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board
on 1945-49 Pool Account, Western Division —
P.C. 3222, for the year ended 31st July 1946.....

WHEAT BOARD

Western Division—P.C. 3222

OPERATIONS

1st July 1946

Bushels

Amount

235,438,405-50

\$310,542,730.29

2,266,200-322,531,220.71237,704,606-22

\$313,073,951.00

213,985,829-39

\$327,751,678.07

4,958,483.72

\$332,710,161.79

19,541,588-25

\$ 29,934,211.73

4,177,188-1823,718,776-436,350,121.0836,284,332.81237,704,606-22368,994,494.60

55,920,543.60

12,000,000.00

43,920,543.60

\$ 4,583,623.25

(595,456.44)

\$ 3,988,166.81

(167,358.97)

67,105.31

731.61

(489.45)

509,527.004,397,682.31\$ 39,522,861.29

THE CANADIAN
1944 Crop Account —
STATEMENT OF
For the period from 1st August

Wheat acquired:

Purchased from Producers at Board fixed prices basis in store Fort William/
Port Arthur or Vancouver.....
Purchases of country elevator overages, etc. at Board fixed prices basis in
store Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur
or Vancouver:
Sales at Class II prices.....
Sales under authority of Order-in-Council P.C. 1116 of 20th
February 1945:
Section 2A — Interim Mutual Aid.....
Section 3 — Replenishment account.....
Section 8 — Domestic

Net proceeds from sales.....
Surplus on cash wheat transactions.....

Add: Funds to be transferred from the 1945 Crop Account under authority of
Order-in-Council P.C. 4869 of 26th November 1946, so that the
provision of wheat for domestic purposes shall be more equitably
divided between the 1944 and 1945 Crop Accounts.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....
Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur
from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at
interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Administrative and general expenses to 31st July 1945.....

Add: Proportion of administrative and general expenses for the
year ended 31st July 1946.....

Deduct: Carrying costs to be recovered from Crown Wheat Account
under authority of Section 10 of Order-in-Council P.C.
1116 of 20th February 1945.....

Surplus from the operations of the Wheat Board
on 1944 Crop Account Western Division, for the
period from 1st August 1944 to 31st July 1946.....

WHEAT BOARD

Western Division

OPERATIONS

1944 to 31st July 1946

Bushels

Amount

352,397,056-10

\$427,916,465.97

2,219,453-002,716,417.23354,616,509-10

\$430,632,883.20

147,830,670-03

\$223,426,228.97

48,311,877-10

\$ 71,187,795.86

75,491,831-57

106,595,092.04

82,982,130-00206,785,839-0799,216,277.79276,999,165.69354,616,509-10

500,425,394.66

69,792,511.46

12,000,000.00

81,792,511.46

\$ 10,482,437.27

5,421,446.20

\$ 15,903,883.47

3,371,436.80

1,660,651.48

69,241.92

14,561.88

\$ 416,476.66

288,537.73705,014.39

21,724,789.94

5,083,715.2116,641,074.73\$ 65,151,436.73

EXHIBIT VII

THE CANADIAN WHEAT BOARD STATEMENT OF FINAL PAYMENTS TO PRODUCERS To 31st July 1946

	Total amounts payable to Producers	Cheques cashed by Producers to 31st July 1946	Balances payable to Producers as at 31st July 1946
1940 Wheat Crop Account.....	\$ 26,081,800.16	\$25,663,689.49	\$ 418,110.67
1941 Wheat Crop Account.....	15,305,476.69	15,047,973.12	257,503.57
1942 Wheat Crop Account.....	19,692,770.12	19,378,673.71	314,096.41
1943 Wheat Crop Account.....	36,423,876.18		36,423,876.18
Total Wheat — Western Division.....	\$ 97,503,923.15	\$60,090,336.32	\$37,413,586.83
1942 Crop Oats and Barley Equalization Funds — P.C. 4450.....	\$ 1,570,750.97	\$ 1,564,220.60	\$ 6,530.37
1943 Crop Oats Equalization Fund — P.C. 4450 and 8898...	8,867,004.74	8,810,549.16	56,455.58
1944 Crop Barley Equalization Fund — P.C. 5998 — (Exhibit XIV.)	6,106,932.94	5,518,206.41	588,726.53
Total Oats and Barley.....	\$ 16,544,688.65	\$15,892,976.17	\$ 651,712.48
1944 Ontario Wheat Equal- ization Fund — P.C. 1638 — (Exhibit XXIII.)	\$ 188,226.09	\$ 161,838.66	\$ 26,387.43
Total — all Accounts.....	<u>\$114,236,837.89</u>	<u>\$76,145,151.15</u>	<u>\$38,091,686.74</u>

THE CANADIAN WHEAT BOARD
STATEMENT OF AMOUNTS DUE FROM THE
DOMINION GOVERNMENT

Coarse Grains and Seeds Accounts

As at 31st July 1946

Flax Division:

Deficits resulting from operations:

1945 Crop Account — P.C. 2550 — (Exhibit IX.).....	\$ 2,510,417.07	
1944 Crop Account — P.C. 1350 — (Exhibit X.).....	4,098,108.66	
	<u>6,608,525.73</u>	
Deduct: Surplus on 1943 Crop Account — P.C. 7325 — (Exhibit XI.).....	1,726,958.29	\$ 4,881,567.44

Oats and Barley Division:

Deficits in Equalization Funds:

1945 Equalization Funds — P.C. 2550 and 6238 — (Exhibit XII.).....	\$14,166,729.17	
1944 Oats Equalization Fund — P.C. 5998 — (Exhibit XIII.).....	1,466,272.47	
1943 Barley Equalization Fund — P.C. 4450 and 3898 — (Exhibit XV.).....	<u>55,739.44</u>	15,688,741.08

Seeds Division:

Deficits resulting from operations:

1945 Crop Account — P.C. 859 — (Exhibit XVI.).....	\$ 62,898.86	
1944 Crop Account — P.C. 4131 — (Exhibit XVII.).....	112,850.00	
1943 Crop Account — P.C. 2894 — (Exhibit XVIII.).....	<u>100,001.68</u>	275,750.54

Total amounts due from the Dominion Government, Coarse Grains and Seeds Accounts, as at 31st July 1946.....	20,846,059.06
---	---------------

Less: Funds transferred from the Department of Finance, Ottawa.....	90,589.38
	<u>\$20,755,469.68</u>

THE CANADIAN

1945 Crop Account

STATEMENT OF

For the year ended

Flax acquired:

Delivered or to be delivered at Board fixed prices basis in store Fort William/
Port Arthur or Montreal.....
Purchased from 1944 Crop Account at Board fixed prices 31st July 1946, basis
in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal.....
Uncompleted sales contracts at contract prices.....
Net proceeds from sales.....

Stocks of flax on hand, valued on the basis of Board fixed prices as at 1st August
1946 — P.C. 3222, basis in store Fort William/Port Arthur or Montreal.....
Deduct: Provision for stocks to be sold to domestic crushers and processors
at maximum prices — P.C. 3222 and 3856.....

Deficit on cash flax transactions.....

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....
Storage on flax stored in terminal elevators.....

Interest and bank charges.....
Handling and stop-off charges.....
Drying, reconditioning charges, etc.....
Administrative and general expenses.....

Deficit from the operations of the Wheat Board
on 1945 Crop Account, Flax Division — P.C.
2550, for the year ended 31st July 1946.....

WHEAT BOARD

Tax Division—P.C. 2550

OPERATIONS

1st July 1946

Bushels

Amount

4,856,203-24

\$13,814,260.21

17,371-284,873,574-5240,410.42

\$13,354,670.63

4,593,812-49

\$10,392,048.95

1,227-412,035.59

4,595,040-34

\$10,394,084.54

278,534-18

\$ 887,066.88

110,964.07776,102.81

11,170,187.35

4,873,574-52\$ 2,184,483.28

\$ 147,414.64

47,588.61

\$ 195,003.25

103,152.91

9,594.69

94.37

18,088.57325,933.79\$ 2,510,417.07

THE CANADIAN
1944 Crop Account
STATEMENT OF
For the period from 1st August

Flax acquired:

Delivered at Board fixed prices basis in store Fort William/Port Arthur
or Montreal.....
Purchased from 1943 Crop Account at Board fixed prices 31st July 1945,
basis in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal.....

Deficit on cash flax transactions.....

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....
Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Dockage on special shipments via Fort William/Port Arthur.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Administrative and general expenses to 31st July 1945.....

Add: Proportion of administrative and general expenses for the year
ended 31st July 1946.....

Deficit from the operations of the Wheat Board on
1944 Crop Account, Flax Division — P.C. 1350,
for the period from 1st August 1944 to 31st
July 1946.....

WHEAT BOARD

Flax Division—P.C. 1350

OPERATIONS

1944 to 31st July 1946

Bushels

Amount

7,261,383-40

\$19,915,322.87

18,989-237,280,373-0747,345.17

\$19,962,668.04

7,280,373-0716,463,172.96

\$ 3,499,495.08

\$182,681.67

86,519.44

\$ 269,201.11

240,552.96

66,204.87

(155.64)

136.12

\$ 21,174.38

1,499.7822,674.16598,613.58\$ 4,098,108.66

EXHIBIT XI

THE CANADIAN WHEAT BOARD
1943 Crop Account, Flax Division—P.C. 7325
STATEMENT OF SURPLUS
For the year ended 31st July 1946

Surplus from the operations of the Wheat Board on 1943 Crop Account, Flax Division — P.C. 7325, for the period from 1st August 1943 to 31st July 1945.....	\$1,675,676.98
Add: Sundry freight adjustments, etc.....	21.00
Interest credited on surplus funds.....	<u>51,260.31</u>
Surplus from the operations of the Wheat Board on 1943 Crop Account, Flax Division — P.C. 7325, for the period from 1st August 1943 to 31st July 1946.....	<u><u>\$1,726,958.29</u></u>

THE CANADIAN WHEAT BOARD
STATEMENT OF 1945 OATS AND BARLEY
EQUALIZATION FUNDS

P.C. 2550 and 6238

For the year ended 31st July 1946

	Oats Equalization Fund	Barley Equalization Fund	Total
Equalization fees collected.....	\$11,359,033.51	\$ 983,735.37	\$12,342,768.88
Deduct: Advance equalization payments to Producers.....	\$11,394,706.61	\$14,650,409.97	\$26,045,116.58
Interest and commission allowed to Agents re the above payments.....	53,690.37	70,511.52	124,201.89
Bank charges.....	8.63	4.25	12.88
Commission paid to Agents....	1,100.00	100.00	1,200.00
Interest	3,471.79	243,540.97	247,012.76
Administrative and general expenses.....	59,765.00	32,188.94	91,953.94
	<u>\$11,512,742.40</u>	<u>\$14,996,755.65</u>	<u>\$26,509,498.05</u>
Deficit on 1945 Oats and Barley Equalization Funds — P.C. 2550 and 6238, to 31st July 1946.....	<u>\$ 153,708.89</u>	<u>\$14,013,020.28</u>	<u>\$14,166,729.17</u>

EXHIBIT XIII

THE CANADIAN WHEAT BOARD
STATEMENT OF 1944 OATS EQUALIZATION FUND
P.C. 5998

For the period from 1st August 1944 to 31st July 1946

Equalization fees collected.....	\$12,647,280.91	
Profit on purchase and sale of 896,000-00 bushels of oats futures.....	3,342.50	\$12,650,623.41
Deduct: Advance equalization payments to Producers	\$13,969,882.94	
Interest allowed to Agents re the above payments	67,965.90	
Interest and bank charges.....	1,469.72	
Brokerage and Clearing House charges.....	458.77	
Commission paid to Agent.....	500.00	
Administrative and general expenses:		
For the year ended 31st July 1945.....	72,538.19	
For the year ended 31st July 1946.....	4,080.36	14,116,895.88
Deficit on 1944 Oats Equalization Fund — P.C. 5998, to 31st July 1946.....		<u>\$ 1,466,272.47</u>

THE CANADIAN WHEAT BOARD
STATEMENT OF 1944 BARLEY EQUALIZATION FUND
P.C. 5998

For the period from 1st August 1944 to 31st March 1946

Equalization fees collected.....	\$18,092,682.33	
Interest credited on surplus funds	248,150.85	\$18,340,833.18
Deduct: Advance equalization payments to Producers	\$12,065,365.03	
Interest allowed to Agents re the above payments	56,153.59	
Bank charges.....	4.04	
Administrative and general expenses for the year ended 31st July 1945.....	36,639.27	
Provision for the expenses of issuing final payments to Producers and other ex- penses	75,738.31	12,233,900.24
Surplus payable to Producers on 1944 Barley Equalization Fund — P.C. 5998, as at 31st March 1946.....		<u>\$ 6,106,932.94</u>

THE CANADIAN
1943 Barley Equalization Fund
STATEMENT
For the year ended

Deficit on 1943 Barley Equalization Fund to
31st July 1945.....

Deduct: Refund of advance equalization payment.....

Add: Interest on deficit to 31st July 1946.....

Administrative and general expenses for the
year ended 31st July 1946.....

Deficit on 1943 Barley Equalization Fund —
P.C. 4450 and 8898, to 31st July 1946.....

WHEAT BOARD

P.C. 4450 and 8898

OF DEFICIT

1st July 1946

\$53,637.65

.86

53,636.79

\$1,602.65

500.002,102.65\$55,739.44

THE CANADIAN
1945 Crop Rapeseed and Sunflower
STATEMENT OF
For the year ended

	Pounds	
	Rapeseed	Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered at Board fixed prices basis F.O.B. shipping points.....	6,604,242	3,179,084
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	6,604,242	3,145,888
Shrinkage, grade gains and losses, etc., valued at Board fixed prices — per contra.....	6,604,242	33,196 3,179,084
Surplus on rapeseed and sunflower seed transactions exclusive of transpor- tation costs from country points to crusher plants.....		
Deduct: Carrying costs, handling and transportation costs, interest, administrative and gen- eral expenses, etc.		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on sunflower seed warehoused at interior terminals		
Freight and transportation charges, etc. — from country shipping points to crusher plants		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc. — per contra.....		
Drying and reconditioning charges.....		
Administrative and general expenses.....		
Deficit from the operations of the Wheat Board on 1945 Rapeseed and Sun- flower Seed Account — P.C. 859, for the year ended 31st July 1946.....		

WHEAT BOARD

Seed Account — P.C. 859

OPERATIONS

1st July 1946

A m o u n t			
Total	Rapeseed	Sunflower Seed	Total
<u>9,783,326</u>	<u>\$350,721.65</u>	<u>\$132,599.38</u>	\$483,321.03
9,750,130	\$350,721.65	\$132,114.66	\$482,836.31
33,196		492.30	492.30
<u>9,783,326</u>	<u>\$350,721.65</u>	<u>\$132,606.96</u>	<u>483,328.61</u>
			\$ 7.58
			\$ 193.94
			946.78
			16,357.89
			989.26
			39,108.29
	\$ 492.30		
	<u>143.73</u>		636.03
			<u>4,674.25</u>
			<u>62,906.44</u>
			<u>\$ 62,898.86</u>

THE CANADIAN
1944 Crop Rapeseed and Sunflower
STATEMENT OF
For the period from 1st August

	Pounds	
	Rapeseed	Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered at Board fixed prices basis F.O.B. shipping points.....	3,485,845	4,486,272
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	3,485,845	4,316,328
Shrinkage, grade gains and losses, etc., valued at Board fixed prices — per contra.....	3,485,845	169,944
	3,485,845	4,486,272
Surplus on rapeseed and sunflower seed transactions exclusive of transportation costs from country points to crusher plants.....		
Deduct: Carrying costs, handling and transportation costs, interest, administrative and gen- eral expenses, etc.		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on rapeseed and sunflower seed ware- housed at interior terminals.....		
Freight and transportation charges, etc. — from country shipping points to crusher plants		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc. — per contra.....		
Drying and reconditioning charges.....		
Administrative and general expenses to 31st July 1945.....		
Add: Proportion of administrative and general expenses for the year ended 31st July 1946.....		
Deficit from the operations of the Wheat Board on 1944 Rapeseed and Sunflower Seed Account — P.C. 4131, for the period from 1st August 1944 to 31st July 1946.....		

WHEAT BOARD

Seed Account — P.C. 4131

OPERATIONS

1944 to 31st July 1946

Amount

Total	Rapeseed	Sunflower Seed	Total
<u>7,972,117</u>	<u>\$185,693.15</u>	<u>\$212,895.64</u>	\$398,588.79
7,802,173	\$186,695.28	\$208,988.37	\$395,683.65
169,944		4,622.84	4,622.84
<u>7,972,117</u>	<u>\$186,695.28</u>	<u>\$213,611.21</u>	<u>400,306.49</u>
			\$ 1,717.70
			\$ 21,747.55
			12,602.40
			15,014.24
			4,531.31
			50,077.27
		\$ 4,622.84	
		<u>1,416.32</u>	6,039.16
		\$ 3,920.92	
		<u>634.85</u>	<u>4,555.77</u>
			<u>114,567.70</u>
			<u>\$112,850.00</u>

THE CANADIAN
1943 Crop Rapeseed and Sunflower
STATEMENT OF
For the period from 1st August

	Pounds	
	Rapeseed	Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered at Board fixed prices basis F.O.B. shipping points.....	980,623	4,764,172
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	980,623	4,482,009
Shrinkage, grade gains and losses, etc., valued at Board fixed prices — per contra.....		282,163
	980,623	4,764,172
Surplus on rapeseed and sunflower seed transactions exclusive of transportation costs from country points to crusher plants.....		
Deduct: Carrying costs, handling and transportation costs, interest, administrative and gen- eral expenses, etc.		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest and bank charges.....		
Handling and cleaning charges.....		
Elevation, stop-off and diversion charges on sunflower seed warehoused at interior terminals		
Freight and transportation charges, etc. — from country shipping points to crusher plants		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc. — per contra.....		
Drying and reconditioning charges.....		
Brokerage charges.....		
Administrative and general expenses to 31st July 1945.....		
Add: Proportion of administrative and general expenses for the year ended 31st July 1946.....		
Deficit from the operations of the Wheat Board on 1943 Rapeseed and Sunflower Seed Account — P.C. 2894, for the period from 1st August 1943 to 31st July 1946.....		

Note: In respect of the deficit shown above, an amount of \$90,589.38 was funded by the Dominion Government on 30th April 1945.

WHEAT BOARD

Seed Account — P.C. 2894

OPERATIONS

1943 to 31st July 1946

		Amount		
Total	Rapeseed	Sunflower Seed	Total	
<u>5,744,795</u>	<u>\$54,455.45</u>	<u>\$221,989.94</u>		\$276,445.39
5,462,632	\$54,455.45	\$222,142.97	\$276,598.42	
282,163		6,401.41	6,401.41	
<u>5,744,795</u>	<u>\$54,455.45</u>	<u>\$228,544.38</u>		<u>282,999.83</u>
				\$ 6,554.44
			\$ 10,157.50	
			8,614.76	
			12,246.95	
			2,510.61	
			58,094.47	
		\$ 6,401.41		
		3,365.43	9,766.84	
			2.97	
		\$ 5,040.37		
		121.65	5,162.02	106,556.12
				<u>\$100,001.68</u>

THE CANADIAN
STATEMENT OF DRAWBACK ACCOUNT

For the period from 1st August

Appropriations received from the Receiver General of Canada.....

Deduct: Drawback paid to millers and processors of wheat products.....

Less: Drawback payments recovered from purchasers other than
processors

Refund of excess profits received from the Commodity Prices
Stabilization Corporation Limited.....

Balances, after net payments to millers and processors.....

Deduct: Proportion of administrative and general expenses for the fiscal years
ended 31st July 1946, 1945, 1944 and 1943.....

Balances of appropriations.....

Deduct: Interest expense and bank charges, net of interest earned on funds
in banks.....

Deduct: Payments from Drawback funds for additional freight on shipments
of wheat from country points to mills for domestic flour requirements.....

Balance of appropriations and net interest earned, as at 31st July 1946.....

Represented by:

Funds on deposit in banks.....	\$608,609.31
Amount due to 1945-49 Pool Account.....	39,188.71
	<u>\$569,420.62</u>

HEAT BOARD

P.C. 5768, 7319, 6602, 7323, 9457, 3438

42 to 31st July 1946

1945 Drawback Account P.C. 5768	1944 Drawback Account P.C. 7319	1943 Drawback Account P.C. 6602 P.C. 7323	1942 Drawback Account P.C. 9457 P.C. 3438	Total
\$14,750,000.00	\$21,700,000.00	\$20,000,000.00	\$7,500,000.00	\$63,950,000.00
\$21,000,214.66	\$20,647,524.78	\$21,681,587.46	\$6,726,479.16	\$70,055,806.06
(301,235.47)	(133,093.26)	(80,587.89)	(9,367.44)	(524,284.06)
(89,685.82)	(2,373,699.92)	(3,902,445.87)	—	(6,365,831.61)
\$20,609,293.37	\$18,140,731.60	\$17,698,553.70	\$6,717,111.72	\$63,165,690.39
(\$ 5,859,293.37)	\$ 3,559,268.40	\$ 2,301,446.30	\$ 782,888.28	\$ 784,309.61
39,121.38	34,537.03	35,286.64	35,705.84	144,650.89
(\$ 5,898,414.75)	\$ 3,524,731.37	\$ 2,266,159.66	\$ 747,182.44	639,658.72
				1,527.35
				638,131.37
				68,710.77
				\$ 569,420.60

THE CANADIAN
STATEMENT OF PROVISIONS FOR FINAL
For the year ended

Balances as at 31st July 1945, available for completing final payments to
Producers

Estimated provisions for the expenses of issuing final payments to Producers.....

Interest adjustments on surplus funds accruing subsequent to determination of
final payment prices.....

Deduct: Commissions and exchange, etc., paid to banks, payors and Agents.....

Adjustments of over-payments to Producers not recoverable.....

Proportion of administrative and general expenses for the year ended
31st July 1946.....

Balances as at 31st July 1946, available for completing final payments to
Producers

WHEAT BOARD

PAYMENT EXPENSES—WHEAT ACCOUNTS

1st July 1946

<u>1940 Wheat Crop Account</u>	<u>1941 Wheat Crop Account</u>	<u>1942 Wheat Crop Account</u>	<u>1943 Wheat Crop Account</u>	<u>1944 Ontario Wheat Equalization Fund — P.C. 1638</u>
\$319,574.46	\$228,784.38	\$290,409.83		
			\$495,000.00	\$13,751.58
30,905.44	36,197.98	46,559.18		1,457.92
<u>\$350,479.90</u>	<u>\$264,982.36</u>	<u>\$336,969.01</u>	<u>\$495,000.00</u>	<u>\$15,209.50</u>
\$ 2,388.42	\$ 2,471.20	\$ 3,535.01		\$ 1,663.61
27.66	10.37	20.20		
94,767.28	71,446.69	78,785.51	11,852.34	9,013.52
<u>\$ 97,183.36</u>	<u>\$ 73,928.26</u>	<u>\$ 82,340.72</u>	<u>\$ 11,852.34</u>	<u>\$10,677.13</u>
<u>\$253,296.54</u>	<u>\$191,054.10</u>	<u>\$254,628.29</u>	<u>\$483,147.66</u>	<u>\$ 4,532.37</u>

THE CANADIAN
STATEMENT OF PROVISIONS
OATS AND
For the year ended

Balances as at 31st July 1945, available for completing final
payments to Producers.....

Estimated provision for the expenses of issuing final payment
to Producers.....

Refunds of advance equalization payments reported by Agents
in error.....

Interest adjustments on surplus funds accruing subsequent to
determination of final payment prices.....

Deduct: Commissions and exchange, etc., paid to banks, payors
and Agents.....

Adjustment to provide for additional final payment
cheques issued to Producers.....

Proportion of administrative and general expenses for
the year ended 31st July 1946.....

Balances as at 31st July 1946, available for completing final
payments to Producers.....

HEAT BOARD
 OR FINAL PAYMENT EXPENSES
 BARLEY ACCOUNTS
 st July 1946

1942 Oats and Barley Equalization Funds P.C. 4450	1943 Oats Equalization Fund P.C. 4450 P.C. 8898	1944 Barley Equalization Fund P.C. 5998
\$49,446.86	\$ 85,507.79	
		\$ 75,738.31
	16.50	618.52
<u>1,738.46</u>	<u>15,463.11</u>	<u>31,749.19</u>
<u>\$51,185.32</u>	<u>\$100,987.40</u>	<u>\$108,106.02</u>
\$ 10.00	\$ 6,310.05	\$ 24,080.57
	1,294.01	
<u>184.76</u>	<u>9,335.69</u>	<u>37,233.59</u>
<u>\$ 194.76</u>	<u>\$ 16,939.75</u>	<u>\$ 61,314.16</u>
<u>\$50,990.56</u>	<u>\$ 84,047.65</u>	<u>\$ 46,791.86</u>

THE CANADIAN WHEAT BOARD
STATEMENT OF 1945 ONTARIO WHEAT
EQUALIZATION FUND

P.C. 4646

For the period ended 31st July 1946

Equalization fees collected.....	\$269,463.42
Add: Interest adjustments to 31st July 1946.....	<u>4,304.18</u>
	273,767.60
Deduct: Administrative and general expenses.....	<u>3,349.93</u>
Balance payable to Producers on 1945 Ontario Wheat Equalization Fund — P.C. 4646, for the period ended 31st July 1946.....	<u><u>\$270,417.67</u></u>

THE CANADIAN WHEAT BOARD
STATEMENT OF 1944 ONTARIO WHEAT
EQUALIZATION FUND

P.C. 1638

For the period from 1st July 1944 to 30th June 1946

Equalization fees collected.....	\$196,997.57	
Interest credited on surplus funds.....	<u>7,552.36</u>	\$204,549.93
Deduct: Administrative and general expenses for the year ended 31st July 1945.....	\$ 2,572.26	
Provision for the expenses of issuing final payments to Producers and other expenses	<u>13,751.58</u>	<u>16,323.84</u>
Surplus payable to Producers on 1944 Ontario Wheat Equalization Fund — P.C. 1638, as at 30th June 1946.....		<u><u>\$188,226.09</u></u>

THE CANADIAN
STATEMENT OF FUNDS
RECEIVED FROM THE
30th April

Funds remitted to the Dominion Government:

Special Account.....

1942 Crop Oats and Barley Account.....

Funds received from the Dominion Government:

1939 Wheat Crop Account.....

1941-1942 Crop Flax Account.....

1943 Crop Soybeans Account.....

1942 Crop Soybeans Account.....

Crown Wheat Account.....

1943 Barley Equalization Fund.....

1943 Crop Rapeseed and Sunflower Seed Account.....

HEAT BOARD
 EMITTED TO AND FUNDS
 DOMINION GOVERNMENT
 45

P.C.	Surplus or Deficit as at 31st July 1944	Interest to 30th April 1945	Total
1803	\$2,230,147.23	\$ 50,542.73	\$ 2,280,689.96
1801	336,346.35	7,622.75	343,969.10
	<u>\$2,566,493.58</u>	<u>\$ 58,165.48</u>	<u>\$ 2,624,659.06</u>
	\$ 8,226,850.19	\$186,444.58	\$ 8,413,294.77
1800	754,301.90	17,095.05	771,396.95
4010	146.40	3.31	149.71
2799	6,919.74	156.83	7,076.57
7942	10,125,327.04		10,125,327.04
1450, 8898	2,063,257.35		2,063,257.35
2894	90,589.38		90,589.38
	<u>\$21,267,392.00</u>	<u>\$203,699.77</u>	<u>\$21,471,091.77</u>

EXHIBIT XXV

THE CANADIAN WHEAT BOARD SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31st July 1946

Salaries — Board members, officers and staff.....	\$1,140,426.34
Unemployment insurance.....	7,635.50
Advisory Committee — travelling expenses and per diem allowance	6,740.39
Rental and lighting of offices.....	63,177.48
Telephone — exchange service and long distance calls.....	27,346.01
Telegrams and cables.....	16,764.74
Postage and excise stamps.....	46,467.76
Printing and stationery.....	46,509.43
Office supplies and expenses.....	15,899.07
Travelling expenses.....	34,858.20
Travelling expenses — Inspectors.....	45,050.28
Legal fees.....	88.55
Audit fees.....	58,000.00
Tabulating equipment — rental and supplies, etc.....	63,817.32
Repairs and upkeep of office machinery and equipment.....	1,746.65
Grain market publications.....	1,728.34
Bonds and insurance.....	2,627.08
Grain Exchange dues.....	695.00
Express, freight and cartage on stationery, etc.....	3,770.28
Bailee bank expenses, bank charges, etc.....	3,018.99
Alterations to offices and fixtures.....	2,187.71
Depreciation on furniture, equipment and automobiles.....	7,021.21
Total administrative and general expenses for the year ended 31st July 1946.....	<u>\$1,595,576.33</u>

Allocated to operations as follows:

Crown Wheat Account — P.C. 7942 and 1116.....	\$ 51,053.39
1945-49 Pool Account, Western Division — P.C. 3222	509,527.00
1944 Crop Account — Western Division.....	288,537.73
1943 Crop Account — Western Division.....	48,852.34
1942 Crop Account — Western Division.....	78,785.51
1941 Crop Account — Western Division.....	71,446.69
1940 Crop Account — Western Division.....	94,767.28
1945 Ontario Wheat Equalization Fund — P.C. 4646.....	3,349.93
1944 Ontario Wheat Equalization Fund — P.C. 1638.....	9,013.52
1945 Crop Account, Flax Division — P.C. 2550.....	18,088.57
1944 Crop Account, Flax Division — P.C. 1350.....	1,499.78
1945 Oats and Barley Equalization Funds — P.C. 2550....	91,953.94
1944 Oats Equalization Fund — P.C. 5998.....	4,080.36
1944 Barley Equalization Fund — P.C. 5998.....	37,233.59
1943 Oats Equalization Fund — P.C. 4450 and 8898.....	9,335.69
1943 Barley Equalization Fund — P.C. 4450 and 8898....	500.00
1942 Oats and Barley Equalization Funds — P.C. 4450	184.76
1945 Crop Account, Seeds Division — P.C. 859.....	4,674.25
1944 Crop Account, Seeds Division — P.C. 4131.....	634.85
1943 Crop Account, Seeds Division — P.C. 2894.....	121.65
Drawback Account — P.C. 5768.....	39,121.38
Acreage and Quota Regulations, etc.....	232,814.12
	<u>\$1,595,576.33</u>

MILLAR, MACDONALD & Co.
CHARTERED ACCOUNTANTS

To the Commissioners,
The Canadian Wheat Board,
Winnipeg, Manitoba.

29th August 1946

Gentlemen:

We report that we have examined the books and accounts of The Canadian Wheat Board in which are separately recorded all transactions arising from the sale of wheat delivered to the Board by producers in the Western Division during the crop year from 1st August 1943 to 31st July 1944. Marketing operations on this account were commenced on 1st August 1943 and were completed on 31st July 1945.

We have reviewed the system of internal control and the accounting procedures of the Board and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The surplus from operations of the Wheat Board on 1943-44 Crop Account, Western Division, for the period from 1st August 1943 to 31st July 1945, was \$36,387,548.30, as shown by the accompanying Statement of Operations. The amount available at 30th November 1946 for final payments on participation certificates in the hands of producers in connection with the 1943-44 Crop Account is \$36,725,167.12 computed as follows:

Surplus on operations to 31st July 1945.....		\$36,387,548.30
Add: Interest thereon to 31st July 1946.....		<u>902,289.16</u>
		37,289,837.46
Deduct: Prairie Farm Assistance Act levy ...	\$370,961.28	
Estimated cost of issuing final payments	<u>495,000.00</u>	<u>865,961.28</u>
		36,423,876.18
Add: Interest on the surplus as at 31st July 1945 for the period from 1st August 1946 to 30th November 1946		<u>301,290.94</u>
Amount payable to producers as at 30th November 1946.....		<u>\$36,725,167.12</u>

A total of 293,375,116-05 bushels of wheat was delivered to the Board by producers in the Western Division during the 1943-44 crop year. The average price realized on sales of this wheat during the period of marketing operations was \$1.41193, basis One Hard or One Northern in store Fort William/Port Arthur or Vancouver. The fixed initial payment to producers of these grades was \$1.25 per bushel, and the average cost for storage, interest, and all other expenses was 4.047 cents per bushel, leaving a surplus of 12.146 cents per bushel now payable to producers who delivered the foregoing grades of wheat to the Board. The final payment for grades other than One Hard or One Northern will also be 12.146 cents per bushel, excepting in cases where certain of these grades were sold by the Board at discounts under One Northern greater or less than those at which the same grades were purchased from producers.

In our opinion the accompanying Statement of Operations is properly drawn up so as to exhibit a true and correct view of the financial results of operations on 1943-44 Crop Account, Western Division, for the period from 1st August 1943 to 31st July 1945, according to the best of our information, the explanations given to us, and as shown by the books of The Canadian Wheat Board. We have obtained all the information and explanations which we have required.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors

THE CANADIAN

1943 Crop Account

STATEMENT OF

For the period from 1st August 1943 to 31st July 1945

Wheat acquired:

Purchased from Producers at Board fixed prices basis Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:

Sales at Class II prices.....

Sales under authority of Order-in-Council P.C. 1116 of 20th February 1945:

Section 2B — Interim domestic.....

Section 3 — Replenishment account.....

Section 8 — Domestic

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....

Less: Freight and handling charges recovered on shipments from country points to the United States.....

Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....

Drying, reconditioning charges, grade adjustments, etc.....

Brokerage charges.....

Administrative and general expenses.....

Deduct: Carrying costs recovered from Crown Wheat Account under authority of Section 10 of Order-in-Council P.C. 1116 of 20th February 1945.....

Surplus from the operations of the Wheat Board on 1943 Crop Account, Western Division, for the period from 1st August 1943 to 31st July 1945.....

Approved:

GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

F. ARNOLD,
Commissioner

43 to 31st July 1945

innipeg, Manitoba,
th August 1946.

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REPORT
of
The Canadian Wheat Board

Crop Year 1946-1947



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PREFACE

The Annual Report of The Canadian Wheat Board for the crop year 1946-47 is presented in four Parts. Part I. deals with The Canadian Wheat Board's main function of acquiring, handling and disposing of producers' wheat. Part II. deals with special operations of the Board, authorized by the Dominion Government. Part III. presents the Board's Financial Statements. Part IV. is the Auditors' Report.

Report of The Canadian Wheat Board

Crop Year 1946-1947

The RIGHT HONOURABLE C. D. HOWE,

Minister of Trade and Commerce,

OTTAWA, Canada.

Sir:

We beg to submit herewith the Annual Report of The Canadian Wheat Board for the crop year ending July 31st, 1947, as required by The Canadian Wheat Board Act, 1935.

PART I

THE MARKETING OF PRODUCERS' WHEAT

1. General Comment—Crop Year 1946-47

Only minor improvements occurred in the world food situation in the second year following the end of the war. Once again Canada and other wheat exporting countries were confronted with the compelling task of making available as much wheat as possible for overseas shipment.

The demand for wheat in Europe in 1946-47 was eased to some extent by improved production in certain areas of that continent. The European harvest of 1946, exclusive of the U.S.S.R., was some 300 million bushels greater than that of 1945. About one-third of this increase occurred in countries of south-eastern Europe which normally export wheat. The most substantial increases occurred in France and Italy, enabling these two countries to get along with considerably less imported wheat than in the previous crop year. In spite of this improvement, European wheat production, not including the U.S.S.R., was some 300 million bushels less than pre-war levels. Consequently, a very large volume of imported wheat was required during 1946-47 to meet minimum requirements.

The continuing shortage of rice resulted in severe food problems in India, China and other areas in the Far East. South American countries were consistent buyers of both wheat and flour.

In 1946-47 Canada and the United States had to assume the responsibility for providing the major portion of import requirements, although both countries had substantially smaller supplies of wheat available. Canada and the United States provided about 740 million bushels of export wheat and flour, whilst Argentina and Australia together exported about 120 million bushels.

Production of wheat in both Canada and the United States exceeded production in 1945, but the increase in production was more than offset by the reduced stocks carried into the 1946-47 crop year. These small inward carryovers of wheat were the direct result of the large export programmes carried out by both countries in 1945-46.

Owing to the severity of the international food position, Canada again extended full co-operation to the Cereals Committee of the International Emergency Food Council.

2. The Wheat Policy

Government policy with respect to the marketing of producers' wheat in 1946-47 was contained in two statements made in the House of Commons by the Honourable James A. MacKinnon, Minister of Trade and Commerce. On July 24th, 1946, Mr. MacKinnon announced the signing of the Canada-United Kingdom Wheat Agreement, which defined the terms of sale of specific quantities of wheat by Canada to the United Kingdom during the four crop years from 1946-47 to 1949-50, inclusive. On July 30th, 1946, Mr. MacKinnon made a further announcement in the House of Commons, outlining the details of wheat policy which are summarized as follows:

- (1) The Board was to continue as the sole purchaser of Western wheat delivered by producers;
- (2) Producers delivering wheat to the Board between August 1st, 1945 and July 31st, 1950, were to be paid a fixed initial price of \$1.35 per bushel, basis No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver;
- (3) An adjustment payment of 10 cents per bushel was authorized on 1945-46 deliveries to the Board in order to bring the fixed initial payment for that crop year up to \$1.35 per bushel, basis No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver;
- (4) Any remaining surplus in the 1945 Crop Account was to be placed in a five-year pool with the proceeds of the 1946, 1947, 1948 and 1949 Crop Accounts. The fixed initial payment of \$1.35 per bushel, basis No. 1 Northern in store Fort William/Port Arthur or Vancouver was to prevail throughout the pool period. Participation Certificates were to be issued in the usual way, but payments on Participation Certificates were to be made out of any surplus in the five-year pool at the terminal date of July 31st, 1950;
- (5) The Board was instructed to continue to sell wheat for domestic consumption at \$1.25 per bushel, basis No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver, with the Dominion Government assuming all carrying charges;
- (6) The Board was instructed to sell wheat for export to non-contract countries "at prices roughly corresponding to those of the other principal supplier — now, the United States";
- (7) No over-all limitation of wheat marketings was to be effective in 1946-47 and the Board was instructed to use delivery quotas in that crop year only for the purpose of dividing elevator space amongst producers;
- (8) The Board was instructed to continue to administer the drawback paid in respect to flour and other human foods containing wheat sold and delivered in Canada between August 1st, 1946 and July 31st, 1947;
- (9) Such powers of the Board as were necessary for implementing the new policy were to continue under the National Emergency Transitional Powers Act for the duration of this statute. Mr. MacKinnon stated that when the National Emergency Transitional Powers Act expires "the Government will direct its attention to the form and authority under which the Board's powers may be further continued".

Amended Policy — Domestic Wheat

Effective midnight February 17th, 1947 the Dominion Government increased the domestic price of wheat from \$1.25 per bushel to \$1.55 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver with carrying charges payable by domestic users instead of by the Dominion Government. At the same time the drawback payable to processors of wheat for domestic human consumption was increased to permit continued purchase of their requirements on the basis of 77% cents per bushel for No. 1 Northern in store Fort William/Port Arthur or Vancouver.

3. Amended Act

In 1947 Parliament amended The Canadian Wheat Board Act, 1935, to provide the powers required by the Board to carry out Government grain policy. The amendments became effective on August 1st, 1947.

The Act, as amended, authorized the continuation of the same system of marketing wheat and pooling of wheat delivered by producers. The most significant change was the substitution of a five-year pool period extending from August 1st, 1945 to July 31st, 1950, for the previous system of separate pools for each crop year.

During the war period the power to control interprovincial and export trade in wheat had been delegated to The Canadian Wheat Board by Orders-in-Council, but by the terms of the amended Act these powers were provided by statute until July 31st, 1950.

4. Crop Development and Wheat Supplies

Wheat acreage in Canada increased moderately in 1946. Canadian wheat acreage amounted to 24,453,100 acres as compared with 23,414,100 acres in 1945. In the Prairie Provinces 23,731,000 acres were seeded to wheat in 1946 as compared with 22,556,000 acres in the previous year.

An early spring and relatively dry weather resulted in the 1946 wheat crop being seeded promptly in all parts of the West. Except in parts of Alberta, moisture supplies were inadequate in the early part of the growing season, with the result that drought was a hazard to growing crops. Frequent and well-placed showers over wide areas carried the crop along reasonably well, and in spite of below-normal rainfall, crop conditions were favourable at the end of June. In July, crops in Manitoba responded to increased precipitation. In western Saskatchewan lack of moisture caused a steady decline in the condition of the crop. Frost damage occurred in northern and central Saskatchewan and in northern Alberta during the last week of July. Damaging frosts in mid-August, and a late, wet harvest in central and northern Alberta caused some loss in yields.

In spite of almost continuous and widespread threat of drought, the 1946 wheat crop yielded well. Wheat production in the Prairie Provinces in 1946 was estimated at 393.0 million bushels as compared with 294.6 million bushels harvested in 1945.

In Eastern Canada wheat production amounted to 17.6 million bushels as compared with 21.4 million bushels harvested in 1945. The decline in wheat production in Eastern Canada was due almost entirely to decreased acreages seeded to wheat.

The Canadian carryover of wheat on July 31st, 1946 was 73.6 million bushels as compared with 258.1 million bushels on July 31st, 1945. The reduction in reserve stocks of wheat on July 31st, 1946 reflects the effort which this country made in providing a continuous flow of wheat to overseas countries in the first year following the end of the war. Although Canadian wheat production was nearly 100 million bushels greater than in 1945, total supplies of wheat were about 86 million bushels less.

5. Board Administration

Board Receipts

Commercial stocks of wheat in Canada at August 1st, 1946 amounted to 42.5 million bushels. To these stocks were added producers' marketings which became available to the Board as follows:

Board Receipts—Western Division

<u>Month</u>	<u>Bushels Received</u>
August, 1946.....	13,738,302-55
September.....	70,920,431-15
October.....	68,478,990-15
November.....	52,708,941-35
December.....	15,792,389-00
January, 1947.....	24,044,942-05
February.....	6,316,914-20
March.....	10,103,816-00
April.....	6,357,829-10
May.....	18,595,678-50
June.....	21,784,724-30
July.....	27,311,200-00
Total.....	<u>335,154,159-55</u>

The Board takes this opportunity of recording its appreciation of the prompt manner in which producers delivered wheat. The timing and volume of producers' marketings in 1946-47 were most important from the standpoint of transportation and the carrying out of effective export programmes.

Export Movement

During 1946-47 exports of wheat (including flour) amounted to 242.8 million bushels as compared with 340.1 million bushels in the previous crop year. The following table shows the monthly distribution of Canadian wheat exports (including flour):

*Exports of Canadian Wheat**

(Including Flour)

By Months

Crop Year 1946-47

<u>MONTH</u>	<u>TOTAL</u> (million bushels)
August, 1946.....	15.1
September.....	15.9
October.....	17.3
November.....	27.1
December.....	14.4
January, 1947.....	20.6
Total — August - January.....	110.4
February, 1947.....	16.1
March.....	14.3
April.....	15.3
May.....	28.3
June.....	32.7
July.....	25.7
Total — February - July.....	132.4
TOTAL — AUGUST - JULY, 1946-47.....	242.8
TOTAL — AUGUST - JULY, 1945-46.....	340.1

* Source: Board of Grain Commissioners for Canada.

Owing to the lack of reserve stocks in export positions at the start of the crop year, and owing to transportation difficulties, exports of wheat from Canada in the first half of the crop year were relatively small. Exports during the last three months reflected a substantial increase in the volume of transportation available for the movement of grain.

The following table shows the export movement of Canadian wheat (not including flour) for 1946-47, by countries of destination:

*Exports of Canadian Wheat**
By Countries of Final Destination

Crop Year 1946-47

	August to January (bushels)	February to July (bushels)	Total (bushels)
United Kingdom and London Food Council Areas.....	58,600,037	74,932,337	133,532,374
Ireland.....	1,244,391	—	1,244,391
British South Africa.....	1,708,645	—	1,708,645
India.....	2,008,905	—	2,008,905
Belgium.....	2,617,002	6,729,412	9,346,414
Brazil.....	1,061,898	—	1,061,898
Colombia.....	464,893	212,482	677,375
France.....	325,126	373,333	698,459
Netherlands.....	2,681,977	4,915,975	7,597,952
Norway.....	1,441,721	—	1,441,721
Peru.....	328,533	—	328,533
Portugal.....	655,176	—	655,176
Switzerland.....	1,141,543	55,850	1,197,393
United States (Consumption and Milling in Bond).....	1,547,272	124,983	1,672,255
Other Countries.....	184,879	31,419	216,298
TOTAL	76,011,998	87,375,791	163,387,789

* Source: Board of Grain Commissioners for Canada.

Note: The above export statistics do not exactly correspond with Board sales because in some instances there is a time lag between the sale and the actual clearing of the wheat at seaboard.

In addition to the above quantities of wheat, 79.5 million bushels of wheat in the form of flour were exported from Canada during 1946-47. These flour exports went to some 75 countries, but the chief purchasers were the United Kingdom, Italy, China, Norway and the British West Indies.

In 1946-47, 90.8 million bushels of wheat were exported through Eastern Canadian ports and 11.9 million bushels were exported through Eastern United States ports. Exports through Pacific Coast ports amounted to 56.0 million bushels and 2.9 million bushels were cleared through Churchill.

6. Administration of the Canada-United Kingdom Wheat Agreement

On behalf of the Dominion Government, the Board is the administrator of the Canada-United Kingdom Wheat Agreement. During the first year of the Agreement (1946-47), some administrative problems arose but these were resolved between the Board and the Imported Cereals Division of the British Ministry of Food. In this connection, R. V. Biddulph, European Commissioner of the Board with headquarters in London, provided a close liaison at all times with British authorities. In administering the Agreement, the major problem experienced by the Board was the placing of sufficient wheat in seaboard positions to meet the terms of the Agreement applicable for 1946-47. This problem arose because of two factors:

(1) The completion of a large wheat export programme in 1945-46 left stocks of Canadian wheat at seaboard, in Eastern Canadian lake ports and at United States lake ports at very low levels. The Board commenced the crop year 1946-47 with only 13.4 million bushels of wheat at seaboard and at Eastern lake ports, as compared with 58.2 million bushels in the same positions on August 1st, 1945. Under these circumstances, only limited quantities of wheat could be exported in the first two months of the crop year at a time when wheat stocks were at a low level in the United Kingdom.

(2) During the first eight months of 1946-47 transportation available for grain in Western Canada was not as plentiful as the Board expected nor sufficient for the fulfilment of general requirements. From the railways' standpoint, country elevator stocks of wheat were not sufficient during August and the greater part of September to support a very large rail movement, which meant that the railways had a very limited time in which to move desired quantities of wheat from country elevators before the close of navigation. Lake tonnage had to be divided amongst a number of essential movements and its availability for grain was reduced owing to strikes which affected industry generally.

In the fall of 1946 canallers were used extensively for the movement of urgently needed coal and, as a result, the all-water movement of wheat from the Lakehead to St. Lawrence ports was sharply lower than in the previous crop year. This situation in turn placed a heavy load upon the railways in moving wheat to St. Lawrence ports.

During the winter months of 1946-47 weather conditions in both eastern and western Canada were most unfavourable for railroading. The grain movement from December to March was far below expectations and requirements. As late as March, 1947 there was doubt as to whether it would be possible to place sufficient wheat in seaboard positions to meet the terms of the Canada-United Kingdom Agreement and other export requirements. However, by April 1st, 1947 the railways were able to start a large-scale movement of wheat from western country elevators which resulted in the shipping of the balance of the 1946 crop. This made it possible for Canada to place sufficient wheat in seaboard positions to meet the requirements of the Agreement and to provide some shipments to other countries.

Throughout the season the United Kingdom authorities were continuously informed of the Canadian position and in spite of all difficulties it was possible at the end of the crop year for the British Government and the Canadian Government to acknowledge that the terms of the Agreement applying for 1946-47 had been fulfilled.

Carrying Charges

Under Clause 2(d) of the Canada-United Kingdom Wheat Agreement, the United Kingdom is required to pay carrying charges on wheat supplied under the Agreement, the amount to be mutually arranged. Negotiations in respect to carrying charges were entered into with the Imported Cereals Division of the British Ministry of Food early in the crop year. The resulting arrangement provided that on all wheat shipped to the United Kingdom in 1946-47 the

British Government paid the Agreement price based on \$1.55 per bushel for No. 1 Northern wheat in store Fort William/ Port Arthur, Vancouver or Churchill, plus 3½ cents per bushel to cover carrying charges.

Provision of Flour

Under Clause 1(a) the United Kingdom agreed to take a minimum of 500,000 tons of flour with the provision that an additional 140,000 tons would be negotiable in the light of the out-turn of the 1946 wheat crop. The result of the negotiations under this clause was that the United Kingdom took 640,000 tons of flour in 1946-47.

Quantities Supplied on 1946-47 Agreement

Pursuant to the Agreement and by July 31st, 1947 the Board had delivered 132.3 million bushels of wheat to the United Kingdom. In addition, a further quantity of 3.2 million bushels was sold to the United Kingdom but was still in store at Canadian seaboard position on July 31st, 1947. This latter quantity included 1.7 million bushels of wheat held at Churchill pending the opening of navigation at that port.

In addition to these quantities of wheat the Board sold Canadian mills 33.5 million bushels of wheat for the production of flour to be shipped to the United Kingdom under the Agreement. Of this quantity the equivalent of 24.5 million bushels was delivered to the United Kingdom as flour, and the equivalent of 9.0 million bushels was retained in Canada in the form of mill offals.

The provision of wheat for the United Kingdom under the 1946-47 terms of the Agreement was, therefore, the equivalent of 160 million bushels of wheat, the quantity specified in the Agreement.

7. Transportation

The main transportation problem experienced by the Board in 1946-47 is outlined in the foregoing section of this report. During the first eight months of the crop year the Board repeatedly requested increased car supply for the movement of grain. In each month grain requirements were carefully presented to both railways and the Transport Controller. The Government was kept advised as to the effects of the transportation shortage upon overseas commitments.

The Board recognizes that there were factors in the transportation position which were beyond the control of the railways themselves. These factors limited the ability of the railways to meet seasonal transportation requirements in Canada. By April 1st, however, some of the difficulties had been overcome, and from then until the end of July the railways carried out an excellent grain movement.

In the fall months sufficient cars were not available in the Prairie Provinces to meet all grain requirements. Overseas commitments were such that the Board had to exercise some control to assure a fair share of available box cars for the movement of wheat. During the early part of the crop year a substantial movement of feed grains had taken place; some of this movement occurring before wheat became available in volume. In the latter part of

September Lakehead stocks of oats and barley amounted to 5 million bushels and 9 million bushels respectively. An additional 3 million bushels of oats and 4 million bushels of barley were in transit in the Western Division. At the same time there were substantial stocks of feed grains at Eastern lake ports. Under these circumstances the Board felt that a continuance of the existing rate of shipment of feed grains from country elevators would result in surplus stocks of these grains being placed at the Lakehead, while supplies of wheat in forward positions would be falling far below requirements. On September 23rd, 1946 the Board placed an embargo on the shipment of barley to the Lakehead and limited shipments of oats out of country elevators to the ratio of 1 car of oats for every 3 cars of wheat. Some exceptions to these shipping instructions were made at delivery points where producers' marketings consisted mainly of oats. These shipping controls lasted until November 30th, 1946.

8. Delivery Quotas

Delivery quotas on wheat were opened up as quickly as possible in 1946-47 to afford producers an opportunity to market their crop and to build up stocks at country elevators to a level which would permit of efficient railroading. The initial general wheat quota was 10 bushels per authorized acre but quotas were increased rapidly at individual points as storage space became available. On November 20th "open" delivery quotas were established on wheat at all delivery points in the Western Division. Delivery quotas were maintained on oats and barley for a longer period of time. On August 1st an initial delivery quota of 10 bushels per seeded acre was established for barley, and on August 15th a similar delivery quota was established for oats. These quotas remained until December 16th when they were increased to 15 bushels per seeded acre. Special provisions were again made for producers who desired to deliver carload lots of malting barley while quota restrictions were in effect. On February 17th, 1947 delivery quotas on oats and barley were removed for the balance of the crop year.

9. Handling Agreement

The 1946-47 Agreement, entered into with handling companies, included provisions for a maximum country elevator handling charge of 3 cents per bushel and a storage rate of 1/45 of a cent per bushel per day.

10. Emergency Wheat Receipts

On May 13th, 1947 the Dominion Government again provided for the issuance of Emergency Wheat Receipts on substantially the same basis as in the previous crop year.

Under this provision, producers delivering wheat between May 13th, 1947 and June 30th, 1947 could elect to receive:

- (a) A 1946-47 Participation Certificate entitling them to share in any further distribution from the 1946-47 Board Account;
- (b) An Emergency Wheat Receipt equivalent to the present fixed, initial price of \$1.35 per bushel basis in store Fort William/Port Arthur or Vancouver, less freight and handling costs.

Producers could take settlement for their Emergency Wheat Receipts at any time up to and including December 31st, 1949.

Between May 14th, 1947 and June 30th, 1947 Emergency Wheat Receipts were issued on wheat deliveries amounting to 10,901,118 bushels.

11. Position of the Five-Year Pool

In accordance with The Canadian Wheat Board Act as amended in 1947, the 1945 and 1946 Crop Accounts are part of a five-year pool extending from August 1st, 1945 to July 31st, 1947.

As at July 31st, 1947 the position of this five-year pool was as follows:

1. Wheat Acquired by the Board

	(Bushels)
(a) Producers' Deliveries: 1945-46 Crop...	235,432,638-00
1946-47 Crop...	335,154,159-55
	570,586,797-55
(b) Wheat Otherwise Acquired *.....	5,811,808-40
Total Wheat Acquired.....	576,398,606-35

2. Cost of Wheat Acquired August 1st, 1945 to July 31st, 1947.....	\$756,763,785.76
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3. Proceeds of Sales, August 1st, 1945 to July 31st, 1947 and Inventory	
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(a) Sales	\$859,087,274.83	
(b) Inventory — July 31st, 1947 †.....	70,157,393.00	929,244,667.83

4. DEDUCT: Funds Transferred to 1944 Crop Account \$.....	172,480,882.07
	12,000,000.00

5. ADD: Recovery of Storage, Interest and Differential Charges	160,480,882.07
	12,045,408.27

6. Gross Surplus as at July 31st, 1947.....	172,526,290.34
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7. Operating Costs to July 31st, 1947

(a) Carrying Charges Including Terminal Storage	12,683,439.37	
(b) Interest and Bank Charges (Net)....	(634,920.15)	
(c) Additional Freight (Net)	39,407.74	
(d) Administrative and General Expenses	1,469,458.71	
(e) Other Costs ‡.....	501,878.23	14,059,263.90

8. Surplus as at July 31st, 1947.....	158,467,026.44
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Less: Payment Costs on 1945 Crop 10¢ Adjustment Payment	249,659.27
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Net Surplus as at July 31st, 1947....	\$158,217,367.17
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* Purchases of overages at terminal and country elevators, salvage wheat and wheat produced in non-designated areas, etc;

† Inventory stocks of 45,962,891-12 bushels valued basis \$1.55 per bushel for No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver;

‡ Funds transferred to the 1944 Crop Account under authority of Order-in-Council P.C. 4869 of November 26th, 1946 so that the provision of wheat for domestic purposes shall be more equitably divided between the 1944 and 1945 Crop Accounts;

‡ Mainly costs of conditioning wheat stocks at Pacific Coast ports prior to overseas shipment.

As shown by the above table, the net surplus in the 1945-1949 pool was \$158,217,367.17 as at July 31st, 1947.

12. Board Operating Costs—Producers' Wheat

From August 1st, 1945 to July 31st, 1947 (two full crop years), the Board incurred operating expenses applicable to producers' wheat amounting to \$14,059,263.90. Of these operating costs, the Board recovered \$12,045,408.27 under the wheat programme outlined in Sections 2 and 6 of Part I of this Report. Apart from the provisions for the recovery of carrying charges and other costs, there were two factors which were important in reducing Board operating costs during the period under review. These were:

- (1) The rapid movement and sale of Board wheat in domestic and export markets;
- (2) The interest earned on surplus funds which established interest as a credit item for the first two years of the five-year pool.

Carrying charges, including terminal storage, on 576,398,606-35 bushels of wheat delivered to the Board between August 1st, 1945 and July 31st, 1947 amounted to \$12,683,439.37 to July 31st, 1947. These charges were largely recovered.

Administrative and general expenses incurred by the Board in handling producers' wheat from August 1st, 1945 to July 31st, 1947 (two full crop years), amounted to \$1,469,458.71. These costs amounted to 0.2575 cent per bushel on the basis of producers' wheat handled.

All other operating costs incurred by the Board in handling producers' wheat for the period from August 1st, 1945 to July 31st, 1947 amounted to \$501,878.23. These costs were incurred in the conditioning of wheat at Pacific Coast ports prior to overseas shipment.

The statement on the preceding page shows that the cost of making the 10 cent adjustment payment on the 1945 crop was \$249,659.27. This item is treated as an operating cost.

13. Distribution of Sales of 1945-1949 Pool Wheat

The following table shows the distribution of wheat sales and the sales basis, 1945-1949 pool, to July 31st, 1947:

	Quantity (bushels)	Sales Basis *
To United Kingdom and Other Countries prior to the Canada-United Kingdom Agreement.....	208,013,075-19	\$1.55 per bushel †
To United Kingdom for the Canada-United Kingdom Agreement.....	169,008,750-49	1.55 per bushel §
To Other Countries after July 31st, 1946.....	77,851,283-06	Class II price ‡
To the Domestic Market.....	75,562,606-09 ¶	\$1.25 and \$1.55 per bushel ||
Total Sales to July 31st, 1947.....	530,435,715-23	

* Exclusive of any carrying charges;

† Board's Class II price and Order-in-Council P.C. 6122, September 19th, 1945;

§ As provided for 1946-47 in the Canada-United Kingdom Wheat Agreement;

‡ The Class II wheat price started the crop year at \$2.05 per bushel basis in store Fort William/Port Arthur or Vancouver, increased gradually from August to December, declined slightly in January, and then started a new advance to its peak of \$3.06 for the crop year on March 26th, 1947. The price receded again in June and July. As the movement of new crop wheat to saleable positions expanded in the late fall it was possible to make fairly good Class II sales in October and November. The sales then slackened seasonally until the usual improvement after the opening of navigation in May, June and July;

¶ Since wheat for domestic use in 1945-46 was supplied from the 1944 Crop Account, a transfer of \$12,000,000 from the 1945 Crop Account to the 1944 Crop Account was authorized by Order-in-Council P.C. 4869 of November 26th, 1946, so that the provision of wheat for domestic purposes shall be more equitably divided between the 1944 and 1945 Crop Accounts.

|| \$1.25 per bushel to February 17th, 1947 when the domestic price was increased to \$1.55 per bushel basis No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver.

14. Staff and Offices

The Board maintains six offices, with the Head Office in Winnipeg and other offices at Calgary, Vancouver, Toronto, Washington, D.C. and London, England. The following table shows the number of Board personnel in the various offices:

	August 1 1945	August 1 1946	August 1 1947
Head Office — Winnipeg.....	672	636	584
Calgary	27	29	30
Vancouver	13	17	17
Toronto	3	3	3
Washington, D.C.	2	2	2
London, England	2	2	2
	719	689	638

The work of the Board is largely centralized in the Head Office organization at Winnipeg. The work carried on by other offices of the Board forms a co-ordinated part of the Board's administration of grain and oilseed policies. Subject to this co-ordination, the *Calgary Office* has a large measure of separate jurisdiction over the primary movement of Alberta wheat. This is necessary because the predominant movement of Alberta wheat is westward to the Pacific Coast and because there is a considerable milling capacity to be serviced within the province. There are usually substantial shipments of various grades eastward, and in all these movements, careful attention must be given to the freight rate structure.

The *Vancouver Office* was primarily engaged in handling the shipment of 56 million bushels of wheat through Pacific Coast Ports in 1946-47, and assisted in the issuing of export permits on oats and barley, and in the handling of domestic and feed wheat in British Columbia.

The *Toronto Office* administered the Ontario Winter Wheat programme for 1946-47 and assisted in the issuing of export permits for oats and barley and their products, and in the collection of the relevant equalization fees.

The *Washington Office* continued liaison work with the United States Department of Agriculture and with various international organizations functioning in Washington, including the Cereals Committee of the International Emergency Food Council.

The *London Office* was chiefly engaged in liaison work with the Imported Cereals Division of the United Kingdom Ministry of Food and also continued to provide contact with the various continental markets.

15. Legal Department

During 1946-47, the Legal Department investigated and dealt with a small number of violations of "The Western Grain Regulations", as provided by Order-in-Council P.C. 3222, July 30th, 1946. Prosecutions were carried out in 65 cases, all resulting in convictions. This compares with 294 prosecutions in 1945-46. Most of the prosecutions during the crop year arose from breaches of regulations dealing with advance equalization payments on farm-to-farm transactions in oats and barley.

The Legal Department continued to deal with matters arising from payments on producers' certificates, with particular reference to lost certificates and certificates held by estates.

16. Staff Changes

It is with the deepest regret that the Board records the death of Mr. R. C. Findlay, Comptroller, on July 15th, 1947. Mr. Findlay had served the Board in various responsible positions since its inception in 1935. He held the position of Treasurer until July, 1937, when he was appointed Assistant Chief Commissioner of the

Board. After serving in this capacity for over two years he assumed the position of Comptroller in October, 1939. For the whole period of the War, he directed the enlarged accounting services of the Board and organized the participation payments. There can be no doubt that his singular application to duty was responsible for the undermining of his health.

In August, 1947 Mr. C. E. G. Earl was appointed to succeed Mr. Findlay as Comptroller and Mr. K. C. Aseltine was appointed Assistant Comptroller.

In May, 1947 Mr. J. G. Davidson, formerly Feeds Administrator, Wartime Prices and Trade Board, was appointed Eastern Feed Grain Representative of the Board.

Mr. D. A. Kane, Western Representative, and Mr. R. E. Lee, Vancouver Representative, retired from the Board's service in September, 1947. Mr. H. H. Smith, Manager of the Vancouver Office of the Board, assumed full charge of Pacific Coast operations on the retirement of Mr. Kane and Mr. Lee. The Board desires to record its appreciation of the services rendered by Mr. Kane and Mr. Lee.

The Board also accepted with regret the resignations of two valued employees of long standing, Mr. Wm. Aitken and Mr. R. M. Mahoney, both of whom have returned to private business.

17. *Advisory Committee*

During 1946-47, three meetings of the Advisory Committee were held. Most of the problems encountered by the Board during the crop year were discussed with the Committee, and their advice was found useful. Members of the Committee during 1946-47 were:

Messrs. Lew Hutchinson, <i>Chairman</i>	Duhamel, Alta.
R. C. Brown.....	Pilot Mound, Man.
D. A. Campbell.....	Montreal
F. H. Clendenning.....	Vancouver
P. Farnalls.....	Halkirk, Alta.
J. Theo Roy.....	Montreal
J. A. McCowan.....	Summerberry, Sask.
F. Pettypiece.....	Auld, Ont.
C. Gordon Smith.....	Winnipeg
A. C. Reid.....	Winnipeg
J. H. Wesson.....	Regina

In January, 1948 Mr. A. C. Reid resigned as a member of the Committee and was succeeded by Mr. C. E. Hayles. The Board desires to record its appreciation of the services rendered by Mr. Reid from the time of his appointment in August, 1940.

PART II

SPECIAL OPERATIONS ON BEHALF OF THE DOMINION GOVERNMENT

Commencing in 1941-42 the Dominion Government authorized The Canadian Wheat Board to undertake a number of special operations on its behalf. In this Report they are dealt with from the standpoint of the 1946-47 results, and also in summary from their inception.

These operations fell into three main categories:

- (1) Operations which were established or indicated by the Dominion Government as deficit operations in the first instance, with deficits and other costs chargeable to the Government;
- (2) Operations which could, under certain circumstances, result in a surplus for distribution to producers;
- (3) The administration of special regulations related to the marketing of wheat and other grains.

They were separate and distinct from the Board's normal function of marketing producers' wheat, and costs in connection with them were segregated.

1. Crown Wheat

The administration of Crown Wheat Account was the largest special operation conducted by the Board on behalf of the Dominion Government. Exhibit VII in Part III of this Report contains the final accounting of the Crown Wheat operation, except for such additional interest as will accumulate from July 31st, 1947 to the date on which the Dominion Government funds the balance of the deficit.

The Crown Wheat operation was part of a revision in wheat policy announced by the Dominion Government on September 27th, 1943. At that time, the Dominion Government took steps to acquire a large stock of wheat in which there would be no further producers' interest.

Having acquired title, the Government directed the Board to distribute Crown Wheat to countries in receipt of Mutual Aid and to processors and users for subsequent consumption in Canada.

In acquiring the original stock of Crown Wheat, the Dominion Government purchased all unsold stocks in Canada including the remaining stocks of Board wheat in the 1940, 1941 and 1942 Crop Accounts. The original purchase of wheat by the Crown amounted to 300,440,002 bushels and later on, additional purchases were made from the Board's 1943 and 1944 Crop Accounts. These latter purchases brought the total acquisition for Crown Wheat Account to 452,604,971 bushels. The Board disposed of the entire stock of Crown Wheat between October, 1943 and September 1st, 1945 on the basis of instructions received from time to time from the Dominion Government.

The original cost of Crown Wheat was \$570,449,202.66 and proceeds of sales amounted to \$570,607,632.56. In effect, the Dominion Government authorized the Board to dispose of Crown Wheat at substantially the cost of acquisition. Therefore, carrying charges, interest, administrative expenses and other costs related to the handling of this wheat devolved upon the Dominion Government.

The cost of the Crown Wheat operation to the Dominion Government was \$31,378,316.35 to July 31st, 1947. Details of costs are included in Exhibit VII of Part III of this Report. To July 31st, 1947 the Dominion Government had funded \$25,861,866.77 of the Crown Wheat deficit, leaving a balance of \$5,516,449.58 owing to the Board.

There were neither purchases nor sales of Crown Wheat during 1946-47, since the operation had been concluded prior to that crop year.

2. Oats and Barley

There were several major changes in oats and barley policy during the crop year 1946-47. Before describing the Board's 1946-47 operations in oats and barley, it is desirable to review the development of Government policy from the time the Board was first requested to assume certain responsibilities in connection with these grains.

On March 9th, 1942, the Dominion Government instructed the Board to support prices for oats and barley. On and after that date the Board was instructed to buy barley futures or cash barley whenever the price of No. 1 C.W. Barley basis in store Fort William/Port Arthur, fell to 60¢ per bushel. The Board was similarly empowered to buy oats futures or cash oats whenever the price of No. 2 C.W. Oats basis in store Fort William/Port Arthur fell to 45¢ per bushel. Fixed discounts were established for other grades of both grains.

Government policy with respect to oats and barley has empowered the Board to support prices for these grains in each crop year since August 1st, 1942. On only two occasions, however, was such action necessary. In the crop year 1942-43 the Board purchased 32,601,645 bushels of oats and oats futures, and 22,970,429 bushels of barley and barley futures. These Board purchases were sold during the crop year with a profit of \$336,346.35 which was remitted to the Dominion Government as required. Again in the crop year 1944-45 the Board purchased and sold 896,000 bushels of oats futures. The small profit on this transaction was credited to the 1944 Oats Equalization Fund in accordance with the authority contained in Order-in-Council P.C. 5998.

Oats and barley programmes were broadened early in 1943. At that time, prices for these grains were rising in United States markets, while Canadian prices were subject to ceilings of 51½¢ per bushel for oats and 64¾¢ per bushel for barley basis in store Fort William/Port Arthur or Vancouver. In order to establish a method whereby the difference between domestic prices and the higher prices realized on exports could be reflected to producers, the Board was empowered to assess equalization fees on exports of

western grown oats and barley and their products. The proceeds of the Oats and Barley Equalization Funds, less administrative costs, were to be distributed to producers on the basis of their commercial marketings.

This policy was amended in the fall of 1943 to provide for a Dominion Government guarantee of equalization funds and for the payment of advance equalization payments to producers on their commercial deliveries and on authorized farm-to-farm transactions. This action was taken because of the necessity of utilizing a large proportion of commercial deliveries of oats and barley domestically to support an expanded feeding programme. Because of the Government's guarantee of equalization funds and payments, cash surpluses were possible only when the supply of feed grains exceeded domestic requirements by a substantial margin.

The results of the Oats and Barley Equalization Funds for each crop year, including 1946-47, are summarized below:

Crop Year	Equalization Fees Collected	Advance Equalization Payment	Net Interest Administrative and other Expenses	Final Payment (Surplus)	Funded by Dom. Govt. (Deficit)
	\$	\$	\$	\$	\$
OATS					
1942 - 43....	1,165,053	—	46,784	1,118,269	—
1943 - 44....	23,912,449	15,159,686	(114,243)	8,867,006	—
1944 - 45....	12,650,623	13,970,717	180,204	—	1,500,298
1945 - 46....	11,359,033	11,397,588	126,146	—	164,701
1946 - 47....	10,971,544	7,227,342	2,777	3,741,425*	—
Total Oats....	<u>60,058,702</u>	<u>47,755,333</u>	<u>241,668</u>	<u>13,726,700</u>	<u>1,664,999</u>
BARLEY					
1942 - 43....	481,061	—	28,580	452,481	—
1943 - 44....	11,796,937	13,742,951	174,223	—	2,120,237
1944 - 45....	18,092,682	12,065,365	(79,616)	6,106,933	—
1945 - 46....	1,000,525	14,653,680	773,006	—	14,426,161
1946 - 47....	6,776,842	13,264,437†	116,018	—	6,603,613
Total Barley....	<u>38,148,047</u>	<u>53,726,433</u>	<u>1,012,211</u>	<u>6,559,414</u>	<u>23,150,011</u>

* Not distributed to producers as at July 31st, 1947;

† Includes Barley Adjustment Payment to producers of 10¢ per bushel.

Surpluses shown in the above table, less payment costs were, or will be, distributed to producers as final equalization fund payments. Deficits, including administrative costs, were charged to the Dominion Government, as required.

1946-47 Changes in Policy

On March 17th, 1947, the Dominion Government announced major changes in policy with respect to oats and barley. The changes were:

(1) The system of advance equalization payments which had been in effect since the fall of 1943 was discontinued;

(2) Maximum prices were raised in the case of oats from 51½¢ per bushel to 65¢ per bushel, and in the case of barley, from 64¾¢ per bushel to 93¢ per bushel, basis in store Fort William/Port Arthur or Vancouver. An adjustment payment of 10¢ per bushel was provided for producers who had already delivered barley during the period August 1st, 1946 to March 17th, 1947. This payment, together with the advance equalization payment which had been made on deliveries of barley under former maximum prices, gave producers a gross return of nearly 90¢ per bushel, which approximated the return they would receive under the new maximum prices. With respect to oats no adjustment payment was necessary, since the former maximum price, together with the advance equalization payment, gave producers approximately the same return they would receive under the new maximum price;

(3) New support prices at which the Board was empowered to buy oats and barley were announced, effective to July 31st, 1948. These prices were 90¢ per bushel for No. 1 Feed Barley in store Fort William/Port Arthur, and 61½¢ per bushel for No. 1 Feed Oats in store Fort William/Port Arthur, and such prices for each other grade of oats and barley as, in the opinion of the Board, would bring such grades into proper relationship with the basic grades;

(4) The Board, either directly or through agents, was designated as the sole exporter of oats and barley, and the net returns from exports were to continue to be paid into Equalization Funds for the benefit of producers;

(5) All stocks of oats and barley in commercial position in Canada were vested in the Board, and the Board was empowered to dispose of the oats and barley thus acquired.

The sale of stocks of oats and barley vested in the Board, as shown in Exhibit XIV of Part III of this Report, resulted in a surplus of \$6,596,589.74. This surplus has been credited to the Dominion Government as provided in Order-in-Council P.C. 1292.

3. Flaxseed

The special flaxseed operations conducted by the Board on behalf of the Dominion Government during and since the war had their origin in the world-wide shortage of fats and oils that developed during World War II. These operations commenced with a take-over of all stocks of flax in Canada on March 19th, 1942, at the prevailing maximum price of \$1.64 per bushel, and were continued through yearly flaxseed programmes commencing on August 1st, 1942. The main points of the flaxseed policy which the Dominion Government instructed the Board to administer were:

- (1) The Board was designated as the sole agency to receive flaxseed from producers;
- (2) The Board was authorized to pay producers a series of fixed and final prices for each crop year, commencing August 1st, 1942;
- (3) The Board was required to dispose of flaxseed in accordance with instructions from the Government;
- (4) The Board was required to make provision for domestic requirements before selling flaxseed for export.

Under successive flaxseed programmes, the following fixed and final prices were paid to producers:

Crop Year	1942-43	—	\$2.25	per bushel basis No. 1 C.W. in store Fort William/Port Arthur
"	1943-44	—	2.50	" " " "
"	1944-45	—	2.75	" " " "
"	1945-46	—	2.75	" " " "
"	1946-47	—	3.25	" " " "

Up to July 31st, 1946, and while paying producers on the basis of the foregoing prices, the Board was directed to supply the domestic market at a maximum price of \$1.64 per bushel basis in store Fort William/Port Arthur. On August 1st, however, the Board was instructed to increase the price to domestic crushers and other processors to \$2.75 per bushel, and later in the crop year, on February 1st, 1947, the price was further increased to \$3.25 per bushel. Under this policy, except for the latter part of the crop year 1946-47, the Board was selling flaxseed for consumption in Canada at substantially lower prices than were being paid to producers. Consequently, only large and remunerative export sales of surplus stocks could prevent the flaxseed programme from becoming a deficit operation. This fact was recognized by the Dominion Government, which under successive Orders-in-Council, protected the Board from any losses incurred in receiving and distributing flaxseed.

During the period extending from March 5th, 1942 until July 31st, 1947, the Board acquired 44,683,840 bushels of flaxseed. Over half of this quantity was subsequently sold on the domestic market, and the remainder, with the exception of very small stocks on hand at July 31st, 1947, was exported. In the crop year 1946-47, 4,877,596 bushels were acquired, while domestic sales were 4,650,107 bushels and only 11,820 bushels were exported. These transactions resulted in the following deficits and surpluses in the Board's special flaxseed operations:

Crop Year	Deficit	Surplus
	\$	\$
1941-42 and 1942-43.....	771,396.95	—
1943-44.....	—	1,769,114.84
1944-45.....	4,197,805.44	—
1945-46.....	2,537,433.04	—
1946-47.....	—	7,865.88
Total.....	<u>\$7,506,635.43</u>	<u>\$1,776,980.72</u>

The financial results of the Board's flaxseed operations are presented in detail in Exhibits X, XI, XII and XIII in Part III of this Report.

The following table shows the total sales and total purchases of flaxseed from March 19th, 1942 to July 31st, 1947. Purchases are indicated by crop years, showing the quantity of flaxseed acquired by the Board at the various fixed prices established in each crop year. Domestic and export sales are shown separately.

Flaxseed Acquired

	Bushels	Fixed Purchase Price	Value
March 19th to July 31st, 1942.....	1,968,462	\$1.64	\$ 3,179,576
1942-43.....	11,370,821	2.25	25,475,892
1943-44.....	14,338,032	2.50	35,938,148
1944-45.....	7,261,384	2.75	19,915,323
1945-46.....	4,867,545	2.75	13,345,667
1946-47.....	4,877,596	3.25	15,731,868
Total Flaxseed Purchases.....	<u>44,683,840</u>		<u>\$113,586,474</u>

Flaxseed Sold

	Bushels	Average Sales Price	Value
Domestic Market.....	25,271,980	\$1.94	\$ 49,097,431
Export Market.....	19,178,101	3.14	60,270,272
Total Flax Sales.....	44,450,081		<u>\$109,367,703</u>
Flax Stocks on Hand at July 31st, 1947.....	<u>233,759</u>		
Flax Sales Plus Stocks on Hand.....	<u>44,683,840</u>		

4. Rapeseed and Sunflower Seed

In addition to flaxseed operations, the Board also acted as the Government's agent in the handling of rapeseed and sunflower seed. Increasing wartime requirements for edible and non-edible oils made it necessary to encourage production of these oil seeds. In order to attain this objective, the Government, on April 9th, 1943, announced a policy which guaranteed to producers minimum prices for rapeseed and sunflower seed. To implement this policy the Government instructed the Board to buy sunflower seed and rapeseed from producers at 5¢ and 6¢ per pound respectively, basis top grades, f.o.b. shipping points to be named by the Board.

The following table summarizes the quantities of sunflower seed and rapeseed handled in each crop year during the period August 1st, 1943 to July 31st, 1947:

Crop Year	Rapeseed	Sunflower Seed	Total
	(pounds)	(pounds)	(pounds)
1943-44	980,623	4,764,172	5,744,795
1944-45	3,485,845	4,486,272	7,972,117
1945-46	6,604,242	3,179,084	9,783,326
1946-47	7,357,173	10,821,374	18,178,547
Totals	<u>18,427,883</u>	<u>23,250,902</u>	<u>41,678,785</u>

Since the Board was required to sell sunflower seed and rapeseed to processors at the same price it paid to producers, the Dominion Government assumed liability for costs of transportation, interest and storage, administration and conditioning. These costs, applicable to each crop year, are shown in the following table:

Crop Year 1943-44.....	\$100,212.68
“ 1944-45.....	115,566.84
“ 1945-46.....	64,808.70
“ 1946-47.....	77,604.07
Total.....	<u>\$358,192.29</u>

During the crop year 1946-47 the Board purchased 7,357,173 pounds of rapeseed and 10,821,374 pounds of sunflower seed from producers, all of which was subsequently resold to crushers at cost, in accordance with government directions. Charges for freight, storage, handling, cleaning, interest and administration totalling \$77,604.07, as indicated above, have been charged to the Dominion Government.

The Board also handled a small volume of Eastern Canadian soybeans in the crop years 1942-43 and 1943-44. Soybeans purchased by the Board from producers totalled 92,537 bushels and were subsequently sold at cost, with the Dominion Government assuming all expenses. This operation ended with a deficit of \$7,226.28 which was paid by the Government on April 30th, 1945.

5. Drawback on Wheat Products

Under the Dominion Government's price control policy, the millers and processors of wheat for human consumption in Canada were required to sell their products at prices not exceeding those charged during the period September 15th to October 11th, 1941. The cost of wheat to millers and other processors of wheat products for domestic human consumption was higher, however, than that prevailing during the base period. To compensate for this difference, the Dominion Government, during the crop year 1942-43 established a policy of drawback payments and charged the Board with the administration of the Drawback Account. The following table summarizes the appropriations received from the Government since that time, the net annual payment to millers and processors and the relevant portion of the Board's administrative and general expenses charged to the Government in each crop year:

Crop Year	Appropriation Received	Net Payment to Millers, etc.	Board's Administrative and General Expenses
	\$	\$	\$
1942-43	7,500,000	6,717,107.89	35,705.84
1943-44	20,000,000	17,600,472.04	35,286.64
1944-45	21,700,000	18,089,328.98	34,537.03
1945-46	14,750,000	21,048,823.09	39,121.38
1946-47	28,500,000	27,721,066.75	45,218.05
Total	<u>\$92,450,000</u>	<u>\$91,176,798.75</u>	<u>\$189,868.94</u>

The undisbursed balance of appropriations is held by the Board to the credit of the Dominion Government.

During the crop year 1946-47 the Dominion Government advanced \$28,500,000 to the Board for Drawback Account. Net payments to millers and processors from this fund to July 31st, 1947 amounted to \$27,721,066.75, while that portion of the Board's administrative and general expenses in respect of the handling of the operation was \$45,218.05.

6. *Ontario Winter Wheat*

From August 1st, 1939 to July 31st, 1944 Board operations in Canada Eastern Winter Wheat were governed by the terms of the Canadian Wheat Board Act, 1935.

In the crop year 1941-42 the Board was relieved of the responsibility of purchasing Canada Eastern Winter Wheat unless the market price fell to support levels. This policy continued through the crop years 1942-43 and 1943-44.

Changed circumstances brought about a new Government policy with respect to Ontario Winter Wheat in the crop year 1944-45, the main features of which were:

(1) The Board was exempted from its obligations under Section 14 of the Canadian Wheat Board Act;

(2) The Board was charged with maintaining a floor price of \$1.25 per bushel for top grades of Canada Eastern Winter Wheat, basis delivered Montreal;

(3) The Ontario Wheat Equalization Fund was established and it became the responsibility of the Board to assess equalization fees against Ontario wheat and wheat products sold for export.

The Board did not have to purchase wheat in support of floor prices on Ontario wheat, but fees collected in connection with the Equalization Fund resulted in a surplus of \$188,226.09 which was distributed to producers.

The 1944-45 Ontario wheat policy was continued in the crop year 1945-46. Again no action was necessary by the Board in support of floor prices. The Equalization Fund amounted to \$262,114.91 and was distributed to producers.

Government policy with respect to Ontario Winter Wheat during the crop year 1946-47 included several major changes, and was as follows:

(1) The Board was charged with the responsibility of maintaining a floor price of \$1.25 per bushel for No. 1 Canada Eastern Winter Wheat basis delivered Montreal;

(2) The maximum price of \$1.26 per bushel for Canada Eastern Winter Wheat basis delivered Montreal, established in 1941 was continued;

(3) Equalization fees on exports of Ontario Winter Wheat and wheat flour were continued;

(4) The Board was directed to administer a Treasury payment of 9¢ per bushel over and above the maximum price for deliveries on Ontario Winter Wheat;

(5) The Board was directed to administer the payment to producers, at time of delivery, of a fixed and final equalization payment of 5¢ per bushel.

In administering this programme the Board received the full co-operation of the private trade in Ontario. Grain dealers and millers became the agents of the Board in distributing the 5¢ equalization payment and the 9¢ Treasury payment. They made both payments to producers at the time of delivery and were later reimbursed by the Board. Wheat equalization payments amounted to \$207,336.23 and Treasury payments amounted to \$373,207.11 on total reported marketings of 4,146,738 bushels.

Equalization fees collected on Ontario wheat and flour exported during the crop year amounted to \$290,134.82, and exceeded equalization payments to producers by \$82,798.59, which amount was credited to the Dominion Government. The net cost of the 1946-47 Ontario wheat operation to the Dominion Government, including the Treasury payment and administrative and other expenses, was \$309,025.52. Financial details concerning the Board's Canada Eastern Winter Wheat operation are set forth in Exhibits VIII and IX of this Report.

7. Special Account—Order-in-Council P.C. 1803

On August 1st, 1942 the Board's fixed initial price for wheat was increased from 70¢ per bushel to 90¢ per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. With the announcement of this policy early in March, 1942, it was necessary to provide for the re-pricing and adjustment of all non-Board stocks of western wheat. This was carried out under Order-in-Council P.C. 1803 March 9th, 1942, which provided the Board with the necessary powers to re-value and adjust commercial stocks of non-Board wheat in Canada.

The Board's operation resulted in a surplus of \$2,280,689.96 which accrued to the Dominion Government, as provided in the Order-in-Council.

8. Administration of Special Regulations

Early in the war the Dominion Government instructed the Canadian Wheat Board to assume the administration of regulations concerning delivery quotas, permits and transportation, etc. These regulations were new and extraordinary in nature and affected the delivery and shipment, not only of wheat, but of other crops. Because the expense of administering these regulations could not be considered a normal Wheat Board cost, the Dominion Government assumed it. The charges to the Dominion Government were as follows:

<u>Crop Year</u>	<u>Charges to the Dominion Government</u>
1940-41	\$ 119,906.30
1941-42	222,330.12
1942-43	258,018.40
1943-44	280,434.37
1944-45	258,409.72
1945-46	232,814.12
1946-47	204,460.08
Total	<u>\$1,576,373.11</u>

9. Summary of Costs on Special Operations

All of the special operations reviewed in this Report had their origin in either the wartime price control policy or the wartime supply policy of the Dominion Government. In assigning their administration to the Board, the Government provided, in all cases, that any resultant operating deficits and administrative and other costs involved should not constitute a charge against the operating costs of the Board in relation to producers' wheat.

The enlargement of the scope of the Board's work to include these special operations avoided the necessity of establishing new agencies to administer policies which were, in most instances, related to the handling and marketing of Canadian grains and oilseeds. Obviously, these operations were best handled in co-ordination with the Board's primary functions.

The following table summarizes the total costs (including interest) to the Dominion Government of these Board-administered special operations, from their inception to July 31st, 1947:

Operation and Enabling Authority	Net Cost to the Dominion Government	Net Surplus Accruing to the Dominion Government
Crown wheat		
P.C. 7942 and 1116.....	\$ 31,378,316.35	\$
Oats and Barley Price Support Operation		
P.C. 1801 and 10577.....		343,969.10
Deficit on Oats Equalization Fund *	1,664,999.50	
Deficit on Barley Equalization Fund *		
P.C. 4450, 8898, 5998, 2250, 6238, 3222, 1292 .	23,150,010.53	
1946-47 Oats and Barley Take-over		
P.C. 1292		6,596,589.74
Flaxseed Account		
P.C. 1800, 7325, 1350, 2250, 3856, 3222, 656.....	7,506,635.43	1,776,980.72
Sunflower Seed, Rapeseed and Soybean Accounts		
P.C. 2799, 4010, 2894, 4131, 859, 3222 ...	365,418.57	
Millers' and Processors' Net Drawbacks Paid and Costs		
P.C. 3922, 5768, 7319, 6602, 7323, 9457, 3438	91,608,954.55	
Ontario Winter Wheat — 1946-47		
P.C. 3212	309,025.52	
Special Account (1942-43 Wheat Take-over)		
P.C. 1803		2,280,689.96
Cost of Administering Special Regulations		
P.C. 2072, 2280, 3750 and 3849.....	1,681,445.07	
Total	\$157,664,805.52	\$ 10,998,229.52
Net Cost to Dominion Government of All Special Operations.....	\$146,666,576.00	

* Accumulated deficits only — surpluses in any crop year were distributed to producers, while deficits were chargeable to the Dominion Government.

Administrative and general expenses incurred by the Board in handling the special operations reviewed in this Report and included in the net cost shown in the preceding table, were as follows:

Operations	Board's Administrative and General Expenses
Crown wheat	\$ 365,207.68
Oats and Barley Price Support Operation.....	14,955.31
Oats Equalization Funds *.....	141,432.39
Barley Equalization Funds *.....	115,488.46
1946-47 Oats Take-over.....	39,181.75
1946-47 Barley Take-over.....	18,968.67
Flaxseed Account	131,146.90
Sunflower Seed, Rapeseed and Soybean Accounts.....	24,549.44
Millers' and Processors' Drawback Account.....	189,868.94
Ontario Wheat Account.....	7,441.23
Special Account P.C. 1803	56,413.04
Cost of Administering Special Regulations.....	<u>1,576,373.11</u>

Net Board Administrative and General Expenses charged
to the Dominion Government on Special Operations
Crop Years 1939-40 to 1946-47 inclusive..... \$2,681,026.92

* Administrative and General Expenses relative to Equalization Fund deficits only — surpluses were distributed to producers after all expenses had been deducted. Expenses relative to surpluses were, therefore, a charge against producers and not against the Dominion Government.

PART III

FINANCIAL STATEMENTS

The financial statements of The Canadian Wheat Board for the fiscal year ended July 31st, 1947, are presented in Part III of this Report and consist of a Consolidated Balance Sheet (Exhibit I), which sets forth the financial position of the Board as at the foregoing date, together with other statements showing the results of Board operations at the close of the fiscal period, all as tabulated in the Index preceding the financial statements and as discussed in Parts I and II of this Report.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of The Canadian Wheat Board as at July 31st, 1947, is set forth in Exhibit I, and the details of the component items which appear on the Consolidated Balance Sheet are tabulated in Exhibits II and III.

In respect to some of the items appearing on the Consolidated Balance Sheet, the following comments are submitted:

Dominion of Canada 3% Bonds at cost

During the period from December 28th, 1945 to May 16th, 1946, the Board invested some of its surplus funds, in the amount of \$77,615,875.00, in various 3% bond issues of the Dominion of Canada. The total cost to the Board for its investment in Dominion of Canada bonds consists of \$75,000,000.00 for the par value of the bonds acquired, together with an amount of \$2,615,875.00 which represents the premium paid at time of acquisition. Interest accrued on the Board's holdings to July 31st, 1947, amounts to \$652,500.00. The following table shows the par value, the cost, and the various maturities in which the Board acquired its bond holdings:

Maturity	Par Value	Cost
May 1st, 1957.....	\$14,000,000.00	\$14,395,000.00
January 1st, 1959.....	12,000,000.00	12,331,875.00
June 1st, 1960	13,500,000.00	13,864,250.00
February 1st, 1962.....	13,000,000.00	13,622,500.00
October 1st, 1963.....	10,500,000.00	11,006,750.00
September 1st, 1966.....	12,000,000.00	12,395,500.00
	<u>\$75,000,000.00</u>	<u>\$77,615,875.00</u>

Stocks of Cash Grain, etc.

Wheat Stocks

As at July 31st, 1947, stocks of wheat held by the Board totalled 45,962,891-12 bushels, comprising stocks in store country elevators, in store terminal elevators and mills, in transit and in the custody of Agents. The inventory of wheat stocks has been valued basis \$1.55 per bushel for No. 1 Northern in store Fort William/Port

Arthur or Vancouver. Stocks in the custody of Agents represent wheat sold provisionally to Agents of the Board for which the Board has yet to receive a final accounting in respect to the ultimate disposition of these stocks.

The Board receives an advance from its Agents for wheat sold on a provisional basis, and as at July 31st, 1947, this advance was basis \$1.55 per bushel for No. 1 Northern wheat in store Fort William/Port Arthur or Vancouver, plus an allowance of 3½ cents per bushel for carrying charges. Advances so received amounted to \$22,261,220.92 as at July 31st, 1947, and this item is shown as a liability on the Consolidated Balance Sheet.

Flaxseed Stocks

Unsold stocks of flaxseed held by the Board as at July 31st, 1947, amounted to 233,759-00 bushels, comprising flaxseed in store country and terminal elevators and in transit. These stocks have been valued for inventory purposes at Board fixed prices effective August 1st, 1947, basis \$5.00 per bushel for the No. 1 grade in store Fort William/Port Arthur or delivered Montreal.

Accounts Receivable

This item consists principally of amounts due from Agents of the Board in respect to sales which had been completed as at July 31st, 1947, but for which a final accounting had not been received nor settlement completed as at the date of the Balance Sheet.

Grain Trade Memberships

In order to facilitate and expedite its operations, the Board owns memberships in the Winnipeg Grain Exchange, the Vancouver Merchants' Exchange, the Winnipeg Grain and Produce Exchange Clearing Association Limited, and the Lake Shippers' Clearance Association. These memberships are stated at cost less recorded dividends received to date.

Wheat Pool Building

Under the authority of Order-in-Council P.C. 146/2800 the Board was authorized to purchase the premises known as the Wheat Pool Building and the Stock Exchange Building situated at 423 Main Street and 407 Main Street, respectively, in the City of Winnipeg. In accordance with the provisions of this Order-in-Council, the Board effected this purchase as at August 31st, 1946, from the Royal Exchange Building Corporation at a cost of \$450,000.00 for the land and buildings. Depreciation has been provided on the buildings to July 31st, 1947, at the rate of 2% per annum, in the amount of \$7,800.00.

Due from the Dominion of Canada

Details of the amount due from the Dominion of Canada are set forth in Exhibits IV and V, and consists of the following:

Expenses incurred by the Board in the administration of Delivery Quotas and Permit Regulations, etc. for the period August 1st, 1944 to July 31st, 1947, together with interest to the close of the fiscal year.....	\$ 718,725.81
Net deficits, including interest to July 31st, 1947, on special operations undertaken by the Board on behalf of the Dominion Government, for the period August 1st, 1943 to July 31st, 1947	24,142,392.88
	<u>\$24,861,118.69</u>

The above amount, due from the Dominion of Canada, will be paid to the Board during the 1947-48 fiscal year.

Liability to Agents

Grain companies acting as Agents of the Board accept deliveries by producers at country elevators, and on behalf of the Board settle with the producers basis the Board fixed initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents. The liability to Agents, in the amount of \$38,525,941.83, represents the amount due by the Board to its Agents for purchases from producers at country points to July 31st, 1947, for which delivery will be made to and settlement will be made by the Board subsequent to the date of the Balance Sheet.

Amounts due to Producers

Included in the amounts shown on the Consolidated Balance Sheet as due to producers are \$3,741,425.30 and \$65,486,765.07 being, respectively, the surpluses to July 31st, 1947, on the 1946 Oats Equalization Fund and the 1944 Crop Account, Western Division. After deducting the necessary expenses, the surplus on the 1946 Oats Equalization Fund will be distributed to producers during the 1947-48 fiscal year. The final surplus distributable to producers on the 1944 Crop Account, Western Division, was determined as at November 30th, 1947, in the amount of \$66,019,001.69. The Report of the Board's Auditors on the final Statement of Operations of this Account is contained in Part IV of this Report. The distribution of cheques to producers on this final payment commenced August 29th, 1947, and as at February 29th, 1948, a total of 235,453 cheques, 89.3% of the payment, had been distributed, which represents all the Requisitions which had been received from producers to the foregoing date.

Drawback Account

In accordance with the provisions of various Orders-in-Council issued by the Government, the Board was charged with the administration of drawback payments to millers and processors of western

wheat used for human consumption in Canada. Appropriations are authorized in each fiscal year of the Dominion of Canada to provide the funds required, and the Board draws against these appropriations as necessary in order to pay drawback claims.

The balance of drawback appropriations, in the amount of \$841,045.45, represents the net balance of funds held by the Board for account of the Dominion of Canada for the purpose of making drawback payments to millers and processors. As at July 31st, 1947, the balance of the appropriations consisted of the following:

Drawback funds	\$885,981.81
Less: Amount due to the 1945-49 Pool Account.....	44,936.36
	<u>\$841,045.45</u>

The "Drawback funds" as shown above are included with all other Board funds in the item "Funds on Deposit" as shown in the Consolidated Balance Sheet. The amount due to the 1945-49 Pool Account will be paid from drawback funds in the ensuing fiscal year.

Accrued Expenses and Accounts Payable

This item consists principally of amounts due to the Board of Grain Commissioners for Canada in respect to the Prairie Farm Assistance Act levy on the following Payment Accounts:

1945 Crop 10¢ Adjustment Payment.....	\$235,093.44
1944 Crop Final Payment.....	666,858.60
	<u>\$901,952.04</u>

Subsequent to the date of the Consolidated Balance Sheet, payments totalling \$895,952.04 were made to the Board of Grain Commissioners for Canada against this liability. The balance of Accrued Expenses and Accounts Payable consists mainly of sundry accounts unpaid as at July 31st, 1947, together with accrued freight, storage charges, etc. to that date.

STATEMENTS OF OPERATIONS

Crown Wheat Account—P.C. 7942 and 1116

The operations on Crown Wheat Account, authorized by Orders-in-Council, P.C. 7942 of October 12th, 1943 and P.C. 1116 of February 20th, 1945, have been completed and resulted in a deficit of \$31,378,316.35 for the period from September 28th, 1943 to July 31st, 1947, as set forth in Exhibit VII. In respect of this deficit the Government funded amounts of \$10,125,327.04 and \$15,736,539.73 on April 30th, 1945 and April 30th, 1947, respectively. Subject to interest adjustments beyond the close of the fiscal year, the balance of the deficit on Crown Wheat Account, in the amount of \$5,516,449.58, remains to be funded by the Government.

Under the terms of Order-in-Council P.C. 1116 the Board was authorized to transfer 100,000,000 bushels of wheat from the 1943 and 1944 Crop Accounts to the account of His Majesty, but upon completion of the final accounting the total requirement was ascertained to be 93,966,451-57 bushels.

1945-49 Pool Account, Western Division—P.C. 3222

The operations of the Board on the 1945-49 Pool Account for the period from August 1st, 1945 to July 31st, 1947, resulted in a surplus of \$158,217,367.17, as set forth in Exhibit VI. This surplus has been determined after valuing holdings of wheat basis \$1.55 per bushel for No. 1 Northern in store Fort William/Port Arthur or Vancouver, but without provision for carrying costs, interest, etc. beyond the close of the fiscal year.

In terms of the above Order-in-Council, the initial prices to be paid to producers applicable in the 1946-47 crop year were fixed basis \$1.35 per bushel for No. 1 Northern in store Fort William/Port Arthur or Vancouver.

Since the initial prices paid to producers for the 1945-46 crop year were fixed basis \$1.25 per bushel for No. 1 Northern in store Fort William/Port Arthur or Vancouver, the Board was directed to pay the sum of 10 cents per bushel to each producer who delivered wheat to the Board for the period from August 1st, 1945 to July 31st, 1946, both dates inclusive, in order to equalize the initial payment to producers of the 1945-49 Pool Account to July 31st, 1947, at the new and higher level of \$1.35 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver.

In terms of Order-in-Council P.C. 1061 of March 21st, 1947, the price at which the Board sold wheat to millers, processors, manufacturers, feeders and dealers for domestic requirements in Canada, other than for the production of alcohol, was increased from \$1.25 to \$1.55 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver, plus an allowance for carrying charges of 3½ cents per bushel. As a result, therefore, millers, processors, manufacturers and dealers were required to pay to the Board an adjustment charge of 33½ cents per bushel on all wheat and flour stocks on hand, in transit, or sold and not delivered, as at the close of business February 17th, 1947. Amounts collected pursuant to this Order were deposited to the credit of the 1945-49 Pool Account.

Final Payments to Producers—Western Division

1940, 1941, 1942, 1943 and 1944 Crop Accounts

The amounts payable to producers on these Accounts and the final payments completed to July 31st, 1947, are set forth in Exhibit XXII. Details of the expenses estimated and incurred, incident to the issuing of final payments to producers, are set forth in Exhibit XXIII.

In respect to the 1944 Crop Account, the net surplus payable to producers is the net accumulated surplus to July 31st, 1947, only. Additional interest on surplus funds to November 30th, 1947, was included in determining the final surplus distributable to producers on the outstanding participation certificates of the 1944 Crop Account. The Report of the Board's Auditors on the final Statement of Operations on the 1944 Crop Account and the determination of the surplus payable to producers is contained in Part IV of this Report.

Flax Division—P.C. 3222, 2550, 1350, 7325

The results of operations in connection with flaxseed acquired, in terms of Order-in-Council P.C. 3222 of July 30th, 1946, and Order-in-Council P.C. 2550 of April 12th, 1945, are set forth in Exhibit X and Exhibit XI, respectively. Transactions in respect of flaxseed acquired, in terms of Order-in-Council P.C. 1350 of March 6th, 1944 (1944 Crop Account), and Order-in-Council P.C. 7325 of September 21st, 1943 (1943 Crop Account), were completed as at July 31st, 1946 and July 31st, 1945, respectively.

Operations on 1944 Crop Flax Account resulted in a deficit of \$4,098,108.66 to July 31st, 1946. Changes in this deficit for the year under review are set forth in Exhibit XII. The balance of the deficit as at July 31st, 1947, amounts to \$1,028,188.53, which now remains to be funded by the Government after applying \$3,169,616.91 which was received from the Government on April 30th, 1947.

For the year under review, changes in the surplus resulting from operations on the 1943 Crop Flax Account are set forth in Exhibit XIII. The balance of this surplus, after the application of a remittance to Ottawa on April 16th, 1947, of \$1,761,618.55, is \$7,496.29 payable to the Government.

Under Order-in-Council P.C. 3317 of August 6th, 1946, exporters of linseed oil during the year were required to pay a "benefit" to the Board. "Benefit", in terms of the Order, was the amount by which the Board fixed price paid to producers, plus a carrying charge not exceeding 3 cents per bushel, exceeded the maximum price at which the Board sold flaxseed to domestic crushers and processors. The amounts payable under this Order were determined by the Wartime Prices and Trade Board, and amounts so received by the Board for the period from August 1st, 1946 to March 21st, 1947, have been credited to the 1946 Crop Flax Account.

By Order-in-Council P.C. 1005 of March 21st, 1947, the regulations requiring the collection of benefit payments were rescinded.

In terms of Order-in-Council P.C. 3856 of September 17th, 1946, the price at which the Board sold flaxseed to domestic crushers and manufacturers of feed, breakfast and cereal foods, and pharmaceutical products, was increased from \$1.64 to \$2.75 per bushel basis in store Fort William/Port Arthur or delivered Montreal, effective as from August 1st, 1946. Under this Order, and Orders-in-Council P.C. 3723 of September 4th, 1946 and P.C. 4461 of October 29th, 1946, the aforementioned dealers in flaxseed were required to pay to the Board an adjustment charge of \$1.11 for each bushel of flaxseed on hand and unsold at July 31st, 1946, and to pay to the Commodity Prices Stabilization Corporation Limited for the account of the Board an adjustment charge of 6 ²/₉ cents per pound for linseed oil on hand and unsold as at July 31st, 1946. Moneys collected in respect to these adjustments were credited to the 1945 Crop Flaxseed Account.

Under Order-in-Council P.C. 656 of February 20th, 1947, the domestic price at which the Board sold flaxseed was further increased to \$3.25 per bushel basis in store Fort William/Port Arthur or delivered Montreal. This increased price became effective February 1st, 1947, and, as a result, a further adjustment charge of 50 cents per bushel for flaxseed and 2.7778 cents per pound for linseed oil was levied and collected from dealers on flaxseed and linseed oil stocks on hand and unsold as at January 31st, 1947. Moneys collected under this Order were credited to the 1946 Crop Flaxseed Account.

The results of the Board's operations on the Flax Division (1946, 1945, 1944 and 1943 Crop Accounts) show an accumulated net deficit of \$3,550,259.40 after allowing for remittances to and from the Government. This net deficit is after valuing flaxseed stocks on hand at July 31st, 1947, at Board fixed prices effective August 1st, 1947, basis in store Fort William/Port Arthur or delivered Montreal, but without provision for carrying costs and expenses beyond the close of the fiscal year.

*Oats and Barley Division—P.C. 1292, 3222, 2550,
6238, 5998, 8898, 4450*

Under authority of Order-in-Council P.C. 3222 of July 30th, 1946, as amended by Order-in-Council P.C. 1292 of April 3rd, 1947, the Board continued to levy and collect equalization fees for the exportation of oats and barley during the 1946-47 crop season, and to pay advance equalization payments of 10 cents per bushel on oats and 15 cents per bushel on barley to producers who lawfully delivered and sold oats and barley during the period from August 1st, 1946 to March 17th, 1947. In accordance with the provisions of Order-in-Council P.C. 1292, this system of advance equalization payments was discontinued as at March 17th, 1947. Under the terms of the same Order the Board was authorized to make an additional payment of 10 cents per bushel from the Barley Equalization Fund to producers who lawfully delivered and sold barley from August 1st, 1946 to March 17th, 1947.

Transactions on the 1946 Oats Equalization Fund and the 1946 Barley Equalization Fund resulted in a surplus of \$3,741,425.30 and a deficit of \$6,603,613.30, respectively, as set forth in Exhibit XV. After the deduction of necessary expenses the surplus on the 1946 Oats Equalization Fund will be distributed to producers during the 1947-48 crop year, while the deficit on the 1946 Barley Equalization Fund will be paid to the Board out of moneys appropriated by Parliament.

Order-in-Council P.C. 1292 also provided that oats and barley stocks, whole or processed, in commercial positions in Canada as at March 17th, 1947, be vested in the Board. As at the close of the fiscal year, 40,000 bushels of barley still had not been delivered to the Board and an action was pending to obtain possession of this barley in accordance with the provisions of the Order. A substantial amount of the oats and barley delivered to the Board under the terms of this Order was delivered under protest. Transactions in oats and barley acquired under this Order resulted in a surplus to

July 31st, 1947, of \$6,596,589.74 as set forth in Exhibit XIV. Subject to interest and minor adjustments beyond the close of the fiscal year, this amount as required by the Order will be paid into the Consolidated Revenue Fund of the Dominion of Canada.

Transactions to July 31st, 1947, on the 1945 Oats Equalization Fund and the 1945 Barley Equalization Fund resulted in deficits of \$164,700.62 and \$14,426,160.72, respectively, as set forth in Exhibit XVI. These deficits will be paid to the Board out of moneys appropriated by Parliament.

The amounts payable to producers on the 1944 Crop Barley Equalization Fund, the 1943 Crop Oats Equalization Fund and the 1942 Crop Oats and Barley Equalization Funds, and the final payments completed to July 31st, 1947, are set forth in Exhibit XXII. Expenses estimated and incurred incident to the issuance of the final payments are set forth in Exhibit XXIII.

Deficits on the 1944 Oats Equalization Fund and the 1943 Barley Equalization Fund, as set forth in Exhibit XVII and Exhibit XVIII, respectively, are after crediting to the 1944 Oats Equalization Fund an amount of \$1,495,968.17 which was received from the Government on April 30th, 1947, and to the 1943 Barley Equalization Fund amounts of \$2,063,257.35 and \$56,450.32 which were received on April 30th, 1945 and April 30th, 1947. The balance of the deficits on these Accounts, in the respective amounts of \$4,330.71 and \$528.84, will be paid to the Board out of moneys appropriated by Parliament.

Rapeseed and Sunflower Seed—P.C. 3222, 859, 4131, 2894

Transactions in connection with rapeseed and sunflower seed acquired in terms of Order-in-Council P.C. 3222 of July 30th, 1946, were completed as at July 31st, 1947, and resulted in a deficit to that date of \$77,604.07, as set forth in Exhibit XIX. The details of the deficits resulting from the operations in rapeseed and sunflower seed in prior crop years are set forth in Exhibit XX. The net deficit on these oil seeds to July 31st, 1947, amounts to \$163,913.93, and this amount together with interest beyond the close of the fiscal year will be paid to the Board from moneys appropriated by Parliament.

The net deficit referred to above has been determined after applying remittances of \$90,589.38 and \$103,688.98 which were received from the Government on April 30th, 1945 and April 30th, 1947, respectively.

Drawback Account—P.C. 3922, 5768, 7319, 6602, 7323, 9457, 3438

In accordance with the provisions of the above Orders-in-Council the Board was charged with the administration of drawback payments to flour millers and processors. The results of these operations for the period from August 1st, 1942 to July 31st, 1947, are set forth in Exhibit XXI. The amounts shown as refunds of excess profits represent the recorded receipts from the Commodity Prices Stabilization Corporation Limited to July 31st, 1947. Order-in-Council P.C. 3922 of September 19th, 1946, also provided for the recovery of expenses incurred by the Board in administering these regulations for the year under review.

1946 Ontario Wheat Payments Account—P.C. 3212

1945 Ontario Wheat Equalization Fund—P.C. 4646

1944 Ontario Wheat Equalization Fund—P.C. 1638

Under Order-in-Council P.C. 3212 of July 30th, 1946, the Board was directed to levy and collect equalization fees on the exportation of Ontario wheat or wheat products. In accordance with the provisions of this same Order the Board was directed to make a payment of 14 cents per bushel to producers who sold and delivered Ontario wheat to a dealer during the 1946-47 crop year. This wheat payment consisted of 5 cents per bushel as a final payment from the 1946 Ontario Wheat Flour Equalization Fund, and 9 cents per bushel as a Treasury payment which was made by the Board on behalf of the Government.

The operations of the Board in respect to the collection of equalization fees and the disbursement of wheat payments to producers resulted in a net deficit of \$309,025.52 as set forth in Exhibit VIII. This amount will be paid to the Board out of moneys appropriated by Parliament.

Cheques for the total amount of the final payment on the 1945 Ontario Wheat Equalization Fund, as set forth in Exhibit IX, were issued by the Board on May 22nd, 1947. The amounts payable to producers and the final payments completed to July 31st, 1947, on this Account and the 1944 Ontario Wheat Equalization Fund are set forth in Exhibit XXII. Expenses estimated and incurred, incident to the issuance of these final payments, are shown in Exhibit XXIII.

Schedule of Administrative and General Expenses

The total expenditures under this heading for the year under review amounted to \$1,777,062.57, comprising expenses incurred at the Winnipeg, Calgary, Vancouver, Toronto, Washington (United States) and London (England) offices of the Board. Of these expenditures an amount of \$204 460.08 has been charged to the Government in respect to expenses incurred in the administration of Delivery Quotas and Permit Regulations, etc.

In accordance with the provisions of Order-in-Council P.C. 3922 of September 19th, 1946, an amount of \$45,218.05 has been charged to Drawback Account for the cost of administering the Drawback Regulations during the 1946-47 fiscal year.

The balance of the administrative and general expenses has been allocated to Board operations, principally on the basis of bushels handled on each account during the fiscal year under review.

In this Report and in the financial statements which follow, we have endeavoured to describe in a comprehensive manner the results obtained by the Board in its administration of wheat policy and special operations on behalf of the Dominion Government.

In conclusion we would like to record our appreciation of the loyal and conscientious service rendered by the staff of the Board.

All of which is respectfully submitted,

GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

F. ARNOLD,
Commissioner

Winnipeg, Manitoba
March 15th, 1948.

THE CANADIAN WHEAT BOARD
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31st July 1947

- Exhibit I.* *Consolidated Balance Sheet.*
- Exhibit II.* *Statement of Assets and Liabilities.*
- Exhibit III.* *Statement of Assets and Liabilities — Coarse Grains, Seeds and Drawback Account.*
- Exhibit IV.* *Statement of Amounts due from the Dominion of Canada — Special Wheat Accounts, Delivery Quotas and Permit Regulations, Etc.*
- Exhibit V.* *Statement of Amounts due from the Dominion of Canada — Coarse Grains and Seeds Accounts.*
- Exhibit VI.* *Statement of Operations, 1945-49 Pool Account, Western Division — P.C. 3222.*
- Exhibit VII.* *Statement of Operations, Crown Wheat Account — P.C. 7942 and 1116.*
- Exhibit VIII.* *Statement of 1946 Ontario Wheat Payments Account — P.C. 3212.*
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- Exhibit X.* *Statement of Operations, 1946 Crop Account, Flax Division — P.C. 3222.*
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- Exhibit XII.* *Statement of Deficit, 1944 Crop Account, Flax Division — P.C. 1350.*
- Exhibit XIII.* *Statement of Surplus, 1943 Crop Account, Flax Division — P.C. 7325.*
- Exhibit XIV.* *Statement of Operations, Oats and Barley Account — P.C. 1292.*
- Exhibit XV.* *Statement of 1946 Oats and Barley Equalization Funds — P.C. 3222 and 1292.*
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- Exhibit XXIV.* *Schedule of Administrative and General Expenses and Allocations to Operations for the year ended 31st July 1947.*

THE CANADIAN CONSOLIDATED

As at 31

ASSETS

Funds on deposit		\$131,477,266.00
Dominion of Canada 3% bonds, at cost.....	\$77,615,875.00	
Accrued interest thereon.....	652,500.00	78,268,375.00
Stocks of cash grain, etc. — (In terms of inventories prepared by responsible officials):		
Wheat stocks (valued on the basis of \$1.55 per bushel for One Northern in store Fort William/Port Arthur or Vancouver).....	70,157,393.00	
Wheat sold but not delivered (valued at contract prices).....	6,289,830.58	
Flax stocks (valued on the basis of Board fixed prices as at 1st August 1947 — P.C. 3038, in store Fort William/Port Arthur or Montreal).....	1,121,814.08	
Flax sold but not delivered (valued at contract prices)	64,965.71	77,634,003.37
Accounts receivable		10,930,091.00
Memberships — In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association, and the Lake Shippers' Clearance Association.....		16,382.80
Wheat Pool Building, at cost less depreciation.....		442,200.00
Office furniture, equipment and automobiles, at cost less depreciation		57,263.40
Due from the Dominion of Canada.....		24,861,118.60
		<u>\$323,686,700.50</u>

Approved:

GEO. MCIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

F. ARNOLD,
Commissioner

WHEAT BOARD

BALANCE SHEET

July 1947

LIABILITIES

Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board:

Wheat	\$38,140,685.95	
Flax	385,255.88	\$ 38,525,941.83

Amounts due to Producers:

Western Division:

Emergency wheat receipts.....	19,309,106.45	
Balance of final payments on Oats and Barley Equalization Funds.....	75,343.19	
Surplus on 1946 Oats Equalization Fund.....	3,741,425.30	
Balance of 1946 Barley adjustment payment....	4,405,983.85	

Eastern Division:

Balance of final payments on Ontario Wheat Equalization Funds.....	13,544.81	27,545,403.60
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Amounts due to Producers on outstanding certificates:

Western Division:

Balance of final payments on 1940 to 1944 Wheat Crop Accounts.....	70,494,253.76	
Balance of 1945 Wheat Crop adjustment payment	2,336,675.50	

Eastern Division:

Balance of final payments on 1939 and 1940 Wheat Crop Accounts.....	5,010.33	72,835,939.59
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Provisions for final payment expenses.....	1,831,789.67	
Drawback Account — balance of appropriations.....	841,045.45	
Advances received on Agency wheat stocks.....	22,261,220.92	
Accrued expenses and accounts payable.....	1,627,992.27	
Surplus on 1945-49 Pool Account to 31st July 1947. .	158,217,367.17	
	<u>\$323,686,700.50</u>	

This is the Consolidated Balance Sheet which is referred to in our report of this date.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

Winnipeg, Manitoba,
15th March, 1948

THE CANADIAN STATEMENT OF ASSETS As at 31st

ASSETS

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WHEAT BOARD AND LIABILITIES

July 1947

1940, 1941, 1942 1943 and 1944 Wheat Crops Final Payment Accounts	1945-49 Pool Account P.C. 3222	Crown Wheat Account P.C. 7942 P.C. 1116	Totals for Coarse Grains, Seeds, etc.	Totals for Consolidated Balance Sheet
	\$129,055,347.64		\$ 885,981.81	
	1,535,936.58			\$131,477,266.03
	77,615,875.00			77,615,875.00
	652,500.00			652,500.00
	70,157,393.00			70,157,393.00
	6,289,830.58			6,289,830.58
			1,121,814.08	1,121,814.08
			64,965.71	64,965.71
	10,706,462.49		223,628.54	10,930,091.03
	16,382.89			16,382.89
	442,200.00			442,200.00
	57,263.49			57,263.49
	309,025.52	\$6,235,175.39	18,316,917.78	24,861,118.69
\$ —	\$296,838,217.19	\$6,235,175.39	\$20,613,307.92	\$323,686,700.50
	\$ 38,140,685.95		\$ 385,255.88	\$ 38,525,941.83
	19,309,106.45			19,309,106.45
			75,343.19	75,343.19
			3,741,425.30	3,741,425.30
			4,405,983.85	4,405,983.85
	13,544.81			13,544.81
\$70,494,253.76				70,494,253.76
	2,336,675.50			2,336,675.50
	5,010.33			5,010.33
1,645,574.27	2,914.96		183,300.44	1,831,789.67
			841,045.45	841,045.45
	22,261,220.92			22,261,220.92
667,167.87	900,676.20	\$ 309.00	59,839.20	1,627,992.27
	158,217,367.17			158,217,367.17
(72,806,995.90)	55,651,014.90	6,234,866.39	10,921,114.61	—
\$ —	\$296,838,217.19	\$6,235,175.39	\$20,613,307.92	\$323,686,700.50

THE CANADIAN
STATEMENT OF ASSETS
COARSE GRAINS, SEED
As at 31

ASSETS

Funds on deposit.....	
Stocks of cash grain:	
Flax stocks	
Flax sold but not delivered.....	
Accounts receivable	
Due from the Dominion of Canada — (Exhibit V.).....	

LIABILITIES

Liability to Agents for grain purchased from Producers but not yet delivered to the Wheat Board	
Amounts due to Producers:	
Balance of final payments on Oats and Barley Equalization Funds — (Exhibit XXII.)	
Surplus on 1946 Oats Equalization Fund — P.C. 3222 — (Exhibit XV.).....	
Balance of 1946 Barley adjustment payment — P.C. 1292.....	
Provisions for final payment expenses — (Exhibit XXIII.).....	
Drawback Account — balance of appropriations — (Exhibit XXI.).....	
Accrued expenses and accounts payable.....	
Amounts due to other Board accounts.....	

EXHIBIT III

WHEAT BOARD AND LIABILITIES AND DRAWBACK ACCOUNT July 1947

Flax Division P.C. 3222 P.C. 2550 P.C. 1350 P.C. 7325	Oats and Barley Division P.C. 3222 P.C. 1292 P.C. 2550 P.C. 6238 P.C. 5998 P.C. 4450 P.C. 8898	Seeds Division P.C. 3222 P.C. 859 P.C. 4131 P.C. 2894	Drawback Account P.C. 3922 P.C. 5768 P.C. 7319 P.C. 6602 P.C. 7323 P.C. 9457 P.C. 3438	Total
			\$885,981.81	\$ 885,981.81
\$1,121,814.08				1,121,814.08
64,965.71				64,965.71
114,144.87	\$ 109,300.68	\$ 182.99		223,628.54
3,550,259.40	14,602,744.45	163,913.93		18,316,917.78
<u>\$4,851,184.06</u>	<u>\$14,712,045.13</u>	<u>\$164,096.92</u>	<u>\$885,981.81</u>	<u>\$20,613,307.92</u>
\$ 385,255.88				\$ 385,255.88
	\$ 75,343.19			75,343.19
	3,741,425.30			3,741,425.30
	4,405,983.85			4,405,983.85
	183,300.44			183,300.44
			\$841,045.45	841,045.45
13,311.11	45,907.13	\$ 620.96		59,839.20
4,452,617.07	6,260,085.22	163,475.96	44,936.36	10,921,114.61
<u>\$4,851,184.06</u>	<u>\$14,712,045.13</u>	<u>\$164,096.92</u>	<u>\$885,981.81</u>	<u>\$20,613,307.92</u>

EXHIBIT IV

THE CANADIAN WHEAT BOARD

Special Wheat Accounts, Delivery Quotas and Permit Regulations, Etc.

STATEMENT OF AMOUNTS DUE FROM THE DOMINION OF CANADA

As at 31st July 1947

Crown Wheat Account — P.C. 7942
and 1116 —

Deficit from the operations for
the period from inception
(28th September 1943) to 31st
July 1947, (Exhibit VII.).....

\$31,378,316.35

Deduct: Funds received from the
Dominion of Canada —

30th April 1945..... \$10,125,327.04

30th April 1947..... 15,736,539.73

25,861,866.77

\$5,516,449.58

Administrative and general expenses
re delivery quotas and permit
regulations, etc.:

Year ended 31st July 1941..... 119,906.30

1942..... 222,330.12

1943..... 258,018.40

1944..... 280,434.37

1945..... 258,409.72

1946..... 232,814.12

1947..... 204,460.08

1,576,373.11

Interest charged on expenditures.... 105,071.96

1,681,445.07

Deduct: Funds received from the
Dominion of Canada—
12th April 1946.....

962,719.26

718,725.81

6,235,175.30

1946 Ontario Wheat Payments
Account — P.C. 3212 —

Deficit for the period ended 31st
July 1947, (Exhibit VIII.).....

309,025.50

Total of amounts due from the Dom-
inion of Canada, Special Wheat
Accounts, Delivery Quotas and
Permit Regulations, Etc., as at
31st July 1947.....

\$6,544,200.90

THE CANADIAN WHEAT BOARD

Coarse Grains and Seeds Accounts

STATEMENT OF AMOUNTS DUE FROM THE
DOMINION OF CANADA

As at 31st July 1947

Flax Division:

Deficits resulting from operations:

1945 Crop Account — P.C. 2550 — (Exhibit XI.).....	\$2,537,433.04	
1944 Crop Account — P.C. 1350 — (Balance, per Exhibit XII.)....	1,028,188.53	\$ 3,565,621.57

Surpluses resulting from operations:

1946 Crop Account — P.C. 3222 — (Exhibit X.).....	7,865.88		
1943 Crop Account — P.C. 7325 — (Balance, per Exhibit XIII.)....	7,496.29	15,362.17	\$ 3,550,259.40

Oats and Barley Division:

Deficits in Equalization Funds:

1946 Barley Equalization Fund— P.C. 3222 and 1292 — (Exhibit XV.).....		\$ 6,603,613.30	
1945 Oats and Barley Equal- ization Funds — P.C. 2550 and 6238 — (Exhibit XVI.)....		14,590,861.34	
1944 Oats Equalization Fund— P.C. 5998 — (Balance, per Exhibit XVII.).....		4,330.71	
1943 Barley Equalization Fund— P.C. 4450 and 8898 — (Balance, per Exhibit XVIII.)....		528.84	

Surplus on Oats and Barley

Accounts — P.C. 1292 — (Exhibit XIV.).....	21,199,334.19	6,596,589.74	14,602,744.45
---	---------------	--------------	---------------

Seeds Division:

Deficits resulting from operations:

1946 Crop Account — P.C. 3222 — (Exhibit XIX.).....	\$ 77,604.07	
1945, 1944 and 1943 Crop Accounts — P.C. 859, 4131 and 2894 — (Balance, per Exhibit XX.).....	86,309.86	163,913.93

Total of amounts due from the Dom-
inion of Canada, Coarse Grains
and Seeds Accounts, as at 31st
July 1947.

\$18,316,917.78

THE CANADIAN 1945-49 Pool Account STATEMENT OF

For the period from 1st August 1945 to 31st July 1947

Wheat acquired:

Delivered or to be delivered by Agents on behalf of Producers at Board initial fixed prices basis \$1.35 per bushel for One Northern in store Fort William/Port Arthur or Vancouver.....
Purchases of overages at terminal and country elevators, salvage wheat, and wheat produced in non-designated areas, etc., at prevailing Board fixed prices.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur or Vancouver:
Domestic
Export sales at Class II prices.....
United Kingdom Government, Wheat Agreement for 1946-47.....
Uncompleted sales at contract prices
Add: Additional differential charges, storage and interest recovered.....
Net proceeds from sales.....

Stocks of wheat, valued on the basis of \$1.55 per bushel for One Northern in store Fort William/Port Arthur or Vancouver:

On hand
In the custody of Agents.....

Surplus on cash wheat transactions.....

Deduct: Funds transferred to the 1944 Crop Account under authority of Order-in-Council P.C. 4869 of 26th November 1946, so that the provision of wheat for domestic purposes shall be more equitably divided between the 1944 and 1945 Crop accounts.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:
Carrying charges on wheat stored in country elevators.....
Storage on wheat stored in terminal elevators and mills.....
Interest and bank charges.....
Net additional freight on wheat shipped to Fort William/Port Arthur from points tributary to Vancouver.....
Handling, stop-off and diversion charges on wheat warehoused at interior terminals
Drying, reconditioning charges, grade adjustments, etc.....
Administrative and general expenses to 31st July 1946.....
Add: Proportion of administrative and general expenses for the year ended 31st July 1947.....

Surplus on operations.....

Deduct: Additional cost re 1945 Crop ten cent adjustment payment:
Commissions and exchange, etc. paid to banks, payors and Agents
Proportion of administrative and general expenses for the year ended 31st July 1947.....

Surplus of the Board on 1945-49 Pool Account, Western Division — P.C. 3222, for the period from 1st August 1945 to 31st July 1947.....

HEAT BOARD

Western Division—P.C. 3222

OPERATIONS

45 to 31st July 1947

Bushels		Amount	
	570,586,797-55	\$749,844,667.34	
	5,811,808-40	6,919,118.42	\$756,763,785.76
	<u>576,398,606-35</u>		
	75,562,606-09	100,995,312.77	
	285,864,358-25	501,174,427.42	
164,871,886-34		\$250,627,704.06	
<u>4,136,864-15</u>	169,008,750-49	<u>6,289,830.58</u>	256,917,534.64
			12,045,408.27
	<u>530,435,715-23</u>	871,132,683.10	
31,494,379-00		48,388,311.27	
<u>14,468,512-12</u>	45,962,891-12	<u>21,769,081.73</u>	70,157,393.00
	<u>576,398,606-35</u>		941,290,076.10
			184,526,290.34
			<u>12,000,000.00</u>
			172,526,290.34
	11,594,906.70		
	<u>1,088,532.67</u>	12,683,439.37	
		(634,920.15)	
		39,407.74	
		58,670.26	
		443,207.97	
	509,527.00		
	<u>959,931.71</u>	<u>1,469,458.71</u>	<u>14,059,263.90</u>
			158,467,026.44
		140,508.66	
		<u>109,150.61</u>	<u>249,659.27</u>
			<u>\$158,217,367.17</u>

THE CANADIAN

Crown Wheat Account

STATEMENT OF

For the period from inception (28

Wheat acquired:

Purchases of country elevator stocks at closing market prices 27th September 1943, basis in store Fort William/Port Arthur or Vancouver.....	
Purchases of terminal stocks at closing market prices 27th September 1943, basis in store Fort William/Port Arthur or Vancouver.....	
Purchases of overages, etc., at terminal and country elevators, at Board fixed prices basis in store Fort William/Port Arthur or Vancouver.....	
Purchases under authority of Order-in-Council P.C. 1116 of 20th February 1945:	
Section 2A — Interim Mutual Aid	
Section 2B — Interim Domestic	
Section 3 — Replenishment account	

Wheat sold:

Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:	
Sales at Class I prices.....	
Sales under authority of Order-in-Council P.C. 1116 of 20th February 1945:	
Section 3 — Replenishment account.....	
Net proceeds from sales.....	
Surplus on cash wheat transactions.....	

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....	
Storage on wheat stored in terminal elevators and mills.....	
Interest and bank charges.....	
Freight recovered on wheat shipped from points tributary to Vancouver.....	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....	
Drying, reconditioning charges, grade adjustments, etc.....	
Brokerage and commission charges.....	
Administrative and general expenses to 31st July 1946.....	

Add: Proportion of administrative and general expenses for the year ended 31st July 1947.....

Add: Carrying costs paid to 1943 and 1944 Crop Accounts under authority of Section 10 of Order-in-Council P.C. 1116 of 20th February 1945.....

Deficit from the operations of the Wheat Board on Crown Wheat Account, Western Division — P.C. 7942 and 1116, for the period from inception (28th September 1943) to 31st July 1947.....

Note: In respect of the deficit shown above, the Dominion of Canada has funded \$10,125,327.04 on 30th April 1945 and \$15,736,539.73 on 30th April 1947.

HEAT BOARD

P.C. 7942 and 1116

OPERATIONS

September 1943) to 31st July 1947

Bushels		Amount	
	205,939,797-10		\$242,573,885.37
	91,795,621-11		109,059,268.29
	2,704,583-45		3,218,821.10
48,311,877-10		\$ 71,187,795.86	
9,886,640-00		11,771,904.54	
<u>93,966,451-57</u>	<u>152,164,969-07</u>	<u>132,637,527.50</u>	<u>215,597,227.90</u>
	<u>452,604,971-13</u>		\$570,449,202.66
	358,638,519-16		\$435,151,074.25
	<u>93,966,451-57</u>	<u>135,456,558.31</u>	
	<u>452,604,971-13</u>		570,607,632.56
			158,429.90
		\$ 18,650,914.56	
	<u>1,109,364.74</u>	\$ 19,760,279.30	
		4,179,384.14	
		(5,900.79)	
		90,535.98	
		3,516.28	
		119,153.26	
	354,072.88		
	<u>11,134.80</u>	<u>365,207.68</u>	
		24,512,175.85	
		<u>7,024,570.40</u>	<u>31,536,746.25</u>
			<u>\$ 31,378,316.35</u>

EXHIBIT VIII

THE CANADIAN WHEAT BOARD
STATEMENT OF 1946 ONTARIO WHEAT
PAYMENTS ACCOUNT

P.C. 3212

For the period from 1st July 1946 to 31st July 1947

	<u>Equalization Payment</u>	<u>Treasury Payment</u>	<u>Total</u>
Wheat payments to Producers.....	\$207,336.23	\$373,207.11	\$580,543.34
Commission allowed to Agents re the above payments.....	1,037.58	1,868.18	2,905.76
Interest charged on expenditures.....	5,060.97	9,104.57	14,165.54
Administrative and general expenses	<u>4,960.82</u>	<u>2,480.41</u>	<u>7,441.23</u>
	<u>218,395.60</u>	<u>386,660.27</u>	<u>605,055.87</u>
Deduct: Ontario Wheat Flour Equal- ization Fund:			
Equalization fees collected	290,134.82		290,134.82
Interest allowed on fees collected.....	<u>5,895.53</u>		<u>5,895.53</u>
	<u>296,030.35</u>		<u>296,030.35</u>
Deficit on 1946 Ontario Wheat Pay- ments Account — P.C. 3212, for the period ended 31st July 1947....	<u>(\$ 77,634.75)</u>	<u>\$386,660.27</u>	<u>\$309,025.52</u>

THE CANADIAN WHEAT BOARD
STATEMENT OF 1945 ONTARIO WHEAT
EQUALIZATION FUND

P.C. 4646

For the period from 1st July 1945 to 15th May 1947

Equalization fees collected.....	\$269,463.42	
Interest credited on surplus funds	<u>9,685.90</u>	\$279,149.32
Deduct: Administrative and general expenses for the year ended 31st July 1946.....	3,349.93	
Provision for the expenses of issuing final payments to Producers and other expenses.....	<u>13,684.48</u>	<u>17,034.41</u>
Surplus payable to Producers on 1945 Ontario Wheat Equalization Fund — P.C. 4646, as at 15th May 1947.....		<u><u>\$262,114.91</u></u>

THE CANADIAN 1946 Crop Account STATEMENT OF For the year ended

Flax acquired:

Delivered or to be delivered at Board fixed prices basis in store Fort William/
Port Arthur or Montreal.....

Purchased from 1945 Crop Account at Board fixed prices 31st July 1947,
basis in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal

Uncompleted sales contracts at contract prices.....

Net proceeds from sales

Stocks of flax on hand, valued on the basis of Board fixed prices as at
1st August 1947 — P.C. 3038, basis in store Fort William/Port Arthur
or Montreal

Surplus on cash flax transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....

Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board
on 1946 Crop Account, Flax Division — P.C.
3222, for the year ended 31st July 1947.....

WHEAT BOARD

Tax Division—P.C. 3222

OPERATIONS

1st July 1947

Bushels

Amount

4,877,596-17			\$15,731,868.45	
18,090-07	4,895,686-24		50,194.53	\$15,782,062.98
4,640,521-52		\$14,871,548.99		
21,405-28		64,965.71		
	4,661,927-24		14,936,514.70	
	233,759-00		1,121,814.08	16,058,328.78
	4,895,686-24			276,265.80
		129,752.75		
		51,520.20	181,272.95	
			61,770.21	
			2,679.51	
			476.76	
			22,200.49	268,399.92
				\$ 7,865.88

THE CANADIAN

1945 Crop Account

STATEMENT OF

For the period from 1st August 1945 to 31st July 1947

Flax acquired:

Delivered at Board fixed prices basis in store Fort William/Port Arthur
or Montreal

Purchased from 1944 Crop Account at Board fixed prices 31st July 1946,
basis in store Fort William/Port Arthur or Montreal.....

Flax sold:

Completed sales at realized prices basis in store Fort William/Port Arthur
or Montreal

Deficit on cash flax transactions

Add: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on flax stored in country elevators.....

Storage on flax stored in terminal elevators.....

Interest and bank charges.....

Handling and stop-off charges.....

Drying, reconditioning charges, etc.....

Administrative and general expenses to 31st July 1946.....

Add: Proportion of administrative and general expenses for the year
ended 31st July 1947.....

Deficit from the operations of the Wheat Board on
1945 Crop Account, Flax Division — P.C. 2550, for
the period from 1st August 1945 to 31st July 1947

WHEAT BOARD

Fix Division—P.C. 2550

OPERATIONS

1945 to 31st July 1947

Bushels

Amount

4,867,545-23

\$13,345,667.32

17,371-284,884,916-5140,410.42

\$13,386,077.74

4,884,916-5111,269,054.47

2,117,023.27

\$148,798.74

52,896.90

201,695.64

188,781.74

9,609.52

94.37

18,088.57

2,139.9320,228.50420,409.77\$ 2,537,433.04

EXHIBIT XII

THE CANADIAN WHEAT BOARD
1944 Crop Account, Flax Division — P.C. 1350
STATEMENT OF DEFICIT
For the year ended 31st July 1947

Deficit from the operations of the Wheat Board on 1944 Crop Account, Flax Division — P.C. 1350, for the period from 1st August 1944 to 31st July 1946.....	\$4,098,108.66
Deduct: Deficit adjustment relative to accrued charges unclaimed	660.53
Adjusted deficit as at 31st July 1946.....	4,097,448.13
Add: Interest charged on deficit.....	100,357.31
	4,197,805.44
Deduct: Funds received from the Dominion of Canada, 30th April 1947.....	3,169,616.91
Balance of deficit as at 31st July 1947.....	<u>\$1,028,188.53</u>

THE CANADIAN WHEAT BOARD
 1943 Crop Account, Flax Division—P.C. 7325
 STATEMENT OF SURPLUS
 For the year ended 31st July 1947

Surplus from the operations of the Wheat Board on 1943 Crop Account, Flax Division — P.C. 7325, for the period from 1st August 1943 to 31st July 1946.....	\$1,726,958.29
Add: Surplus adjustment relative to accrued charges unclaimed	4,755.31
Adjusted surplus as at 31st July 1946.....	1,731,713.60
Add: Interest credited on surplus funds.....	37,401.24
	1,769,114.84
Deduct: Funds remitted to the Dominion of Canada, 16th April 1947.....	1,761,618.55
Balance of surplus as at 31st July 1947.....	\$ 7,496.29

THE CANADIAN
Oats and Barley
STATEMENT OF
For the period from inception

Oats and Barley acquired:

Purchases at closing market prices 17th March 1947, basis in store Fort William/Port Arthur or Vancouver:

Country elevator stocks.....

Terminal stocks.....

Whole, processed and seed oats and barley in the custody of mills, maltsters and dealers, etc.....

Oats and Barley sold:

Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver.....

Surplus on cash oats and barley transactions.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges on oats and barley stored in country elevators.....

Storage and handling charges on oats and barley stored in terminal elevators, warehouses and mills.....

Interest and bank charges.....

Administrative and general expenses.....

Surplus from the operations of the Wheat Board
on Oats and Barley Account — P.C. 1292, for
the period from inception (18th March 1947)
to 31st July 1947.....

WHEAT BOARD

Account—P.C. 1292

OPERATIONS

1st March 1947) to 31st July 1947

Bushels		Amount		Total
Oats	Barley	Oats	Barley	
15,016,776-20	7,749,335-39	\$ 7,733,640.46	\$ 5,017,695.67	\$12,751,336.13
10,327,726-01	4,358,101-17	5,319,472.46	2,912,373.95	8,231,846.41
4,509,464-18	8,884,661-47	2,322,373.13	5,871,451.11	8,193,824.24
<u>29,853,967-05</u>	<u>20,992,099-07</u>	<u>\$15,375,486.05</u>	<u>\$13,801,520.73</u>	<u>29,177,006.78</u>
<u>29,853,967-05</u>	<u>20,992,099-07</u>	<u>\$18,682,876.88</u>	<u>\$17,428,781.19</u>	<u>36,111,658.07</u>
				6,934,651.29
			\$ 135,561.97	
			171,729.89	
			(27,380.73)	
			<u>58,150.42</u>	<u>338,061.55</u>
				<u>\$ 6,596,589.74</u>

EXHIBIT XV

THE CANADIAN WHEAT BOARD
STATEMENT OF 1946 OATS AND BARLEY
EQUALIZATION FUNDS

P.C. 3222 and 1292

For the year ended 31st July 1947

	Oats Equalization Fund	Barley Equalization Fund	Total
Equalization fees collected.....	\$10,971,544.46	\$ 6,776,841.94	\$17,748,386.40
Interest credited on surplus funds.....	75,418.11	(8,902.09)	66,516.02
	<u>\$11,046,962.57</u>	<u>\$ 6,767,939.85</u>	<u>\$17,814,902.42</u>
Deduct: Advance equalization pay- ments to Producers.....	\$ 7,227,342.25	\$ 7,958,661.98	\$15,186,004.23
Interest and commission allowed to Agents re the above payments.....	34,687.93	37,275.19	71,963.12
Barley adjustment pay- ments to Producers.....		5,305,774.80	5,305,774.80
Exchange and commission paid to banks and Agents re barley ad- justment payment.....		26,784.80	26,784.80
Bank charges.....	11.54	2.18	13.72
Commission paid to Agent....	700.00	500.00	1,200.00
Administrative and general expenses	42,795.55	42,554.20	85,349.75
	<u>\$ 7,305,537.27</u>	<u>\$13,371,553.15</u>	<u>\$20,677,090.42</u>
Payable to Producers:			
Surplus on Oats Equalization Fund to 31st July 1947.....	<u>\$ 3,741,425.30</u>		<u>\$ 3,741,425.30</u>
Due from the Dominion of Canada:			
Deficit on Barley Equalization Fund to 31st July 1947.....		<u>\$ 6,603,613.30</u>	<u>6,603,613.30</u>
			<u>\$ 2,862,188.00</u>
Bushel summary:		Bushels	
Number of bushels on which equal- ization fees were collected.....	<u>32,579,280-06</u>	<u>8,495,873-36</u>	
Number of bushels on which ad- vance equalization payments were made to Producers.....	<u>72,273,440-07</u>	<u>53,057,747-46</u>	

THE CANADIAN WHEAT BOARD
STATEMENT OF 1945 OATS AND BARLEY
EQUALIZATION FUNDS

P.C. 2550 and 6238

For the period from 1st August 1945 to 31st July 1947

	Oats Equalization Fund	Barley Equalization Fund	Total
Equalization fees collected	\$11,359,033.51	\$ 1,000,524.95	\$12,359,558.46
Deduct: Advance equalization pay- ments to Producers.....	\$11,397,587.67	\$14,653,679.98	\$26,051,267.65
Interest and commission allowed to Agents re the above payments.....	53,704.25	70,526.84	124,231.09
Bank charges.....	8.73	4.83	13.56
Commission paid to Agent.....	1,100.00	100.00	1,200.00
Interest	6,569.64	667,275.64	673,845.28
Administrative and general expenses:			
For the year ended 31st July 1946.....	59,765.00	32,188.94	91,953.94
For the year ended 31st July 1947.....	4,998.84	2,909.44	7,908.28
	<u>\$11,523,734.13</u>	<u>\$15,426,685.67</u>	<u>\$26,950,419.80</u>
Deficit on 1945 Oats and Barley Equalization Funds — P.C. 2550 and 6238, to 31st July 1947.....	<u>\$ 164,700.62</u>	<u>\$14,426,160.72</u>	<u>\$14,590,861.34</u>

Bushel summary:

	Bushels	
	Oats	Barley
Number of bushels on which equal- ization fees were collected.....	<u>43,541,961-24</u>	<u>9,534,933-11</u>
Number of bushels on which ad- vance equalization payments were made to Producers.....	<u>113,975,929-13</u>	<u>73,694,376-28</u>

EXHIBIT XVII

THE CANADIAN WHEAT BOARD
1944 OATS EQUALIZATION FUND—P.C. 5998
STATEMENT OF DEFICIT
For the year ended 31st July 1947

Deficit on 1944 Oats Equalization Fund to 31st July 1946	\$1,466,272.47	
Add: Balance of advance equalization payments to Producers	834.43	
Interest and bank charges.....	33,141.98	
Administrative and general expenses.....	50.00	\$1,500,298.8
Deduct: Funds received from the Dominion of Canada, 30th April 1947.....		<u>1,495,968.</u>
Balance of deficit as at 31st July 1947.....		<u>\$ 4,330.</u>

THE CANADIAN WHEAT BOARD
1943 BARLEY EQUALIZATION FUND—P.C. 4450 and 8898
STATEMENT OF DEFICIT

For the period from 1st August 1943 to 31st July 1947

Deficit on 1943 Barley Equalization Fund to			
31st July 1946.....		\$2,118,996.79	
Add: Interest and bank charges.....			
		1,261.27	
Administrative and general expenses.....			
		50.00	
Refund of advance equalization payment.....			
	(	71.55)	\$2,120,236.51
Deduct: Amount funded by the Dominion of			
Canada:			
30th April 1945.....		2,063,257.35	
30th April 1947.....		56,450.32	2,119,707.67
			<hr/>
Balance of deficit as at 31st July 1947.....			\$ 528.84
			<hr/>

THE CANADIAN
1946 Crop Rapeseed and Sunflower
STATEMENT
For the year ended

	Pounds	Pounds
	Rapeseed	Sunflower Seed
Rapeseed and sunflower seed acquired:		
Delivered at Board fixed prices basis F.O.B. shipping points.....	7,357,173	10,821,173
Rapeseed and sunflower seed sold:		
Completed sales at realized prices basis F.O.B. crusher plants.....	7,357,173	10,821,173
Carrying costs, handling and transportation costs, interest, administrative and general expenses, etc.		
Storage on rapeseed and sunflower seed stored in country and terminal elevators.....		
Interest		
Handling and cleaning charges.....		
Elevation, inspection and weighing charges on sunflower seed warehoused at interior terminals		
Dockage, moisture and mustard testing of rapeseed prior to purchase from Producers.....		
Freight and transportation charges, etc., from country shipping points to crusher plants.....		
Shrinkage, grade gains and losses, drying and reconditioning charges, etc.		
Shrinkage, grade gains and losses, etc.....		
Drying and reconditioning charges.....		
Administrative and general expenses.....		
Deficit from the operations of the Wheat Board on 1946 Crop Rapeseed and Sun- flower Seed Account — P.C. 3222, for the year ended 31st July 1947.....		

THE CANADIAN
1945, 1944 and 1943 Crop Rapeseed and
STATEMENT
For the year ended

Deficits from the operations of the Wheat Board on Rapeseed and Sunflower Seed Accounts to 31st July 1946.....	
Add: Interest adjustments to 31st July 1947.....	
Deduct: Funds received from the Dominion of Canada:	
30th April 1945.....	
30th April 1947.....	
Balance of deficits as at 31st July 1947.....	

HEAT BOARD

Sunflower Seed Accounts—P.C. 859, 4131, 2894

DEFICITS

At July 1947

1945 Crop Rapeseed and Sunflower Seed Account P.C. 859	1944 Crop Rapeseed and Sunflower Seed Account P.C. 4131	1943 Crop Rapeseed and Sunflower Seed Account P.C. 2894	Total
\$62,898.86	\$112,850.00	\$100,001.68	\$275,750.54
1,909.84	2,716.84	211.00	4,837.68
64,808.70	115,566.84	100,212.68	280,588.22
		90,589.38	90,589.38
	93,866.09	9,822.89	103,688.98
\$64,808.70	\$ 21,700.75	(\$ 199.59)	\$ 86,309.86

THE CANADIAN STATEMENT OF DRAWBACK ACCOUNT

For the period from 1st August 1945 to 31st July 1947

	1946 Drawback Account P.C. 3922
Appropriations received from the Receiver General of Canada.....	\$28,500,000.00
Deduct: Drawback paid to millers and processors of wheat products	28,441,656.2
Drawback payments recovered from purchasers other than processors	(642,709.8
Refund of excess profits received from the Commodity Prices Stabilization Corporation Limited.....	(77,879.6
	<u>27,721,066.7</u>
Balances, after net payments to millers and processors.....	778,933.5
Deduct: Proportion of administrative and general expenses for the fiscal years ended 31st July 1947, 1946, 1945, 1944 and 1943.....	45,218.
Balances of appropriations.....	\$ 733,715.
Deduct: Interest expense and bank charges, net of interest earned on funds in banks.....	
Deduct: Payments from Drawback funds for additional freight on shipments of wheat from country points to mills for domestic flour requirements.....	
Balance of appropriations and net interest earned, as at 31st July 1947	

Represented by:

Funds on deposit in banks.....	\$885,981.81
Amount due to 1945-49 Pool Account.....	44,936.36
	<u>\$841,045.45</u>

HEAT BOARD

P.C. 3922, 5768, 7319, 6602, 7323, 9457, 3438

2 to 31st July 1947

1945 Drawback Account P.C. 5768	1944 Drawback Account P.C. 7319	1943 Drawback Account P.C. 6602 P.C. 7323	1942 Drawback Account P.C. 9457 P.C. 3438	Total
\$14,750,000.00	\$21,700,000.00	\$20,000,000.00	\$7,500,000.00	\$ 92,450,000.00
23,160,272.34	20,647,131.00	21,681,587.46	6,726,479.16	100,657,126.20
442,060.80)	(158,213.89)	(80,796.86)	(9,371.27)	(1,333,152.66)
1,669,388.45)	(2,399,588.13)	(4,000,318.56)	—	(8,147,174.79)
21,048,823.09	18,089,328.98	17,600,472.04	6,717,107.89	91,176,798.75
6,298,823.09)	3,610,671.02	2,399,527.96	782,892.11	1,273,201.25
39,121.38	34,537.03	35,286.64	35,705.84	189,868.94
\$ 6,337,944.47)	\$ 3,576,133.99	\$ 2,364,241.32	\$ 747,186.27	1,083,332.31
				889.99
				1,082,442.32
				241,396.87
				\$ 841,045.45

THE CANADIAN
STATEMENT OF FINANCE
To 3

1940 Wheat Crop Account.....	
1941 Wheat Crop Account.....	
1942 Wheat Crop Account.....	
1943 Wheat Crop Account.....	
1944 Wheat Crop Account.....	
Total Wheat — Western Division	
1944 Ontario Wheat Equalization Fund — P.C. 1638.....	
1945 Ontario Wheat Equalization Fund — P.C. 4646 — (Exhibit IX.)	
Total Wheat — Eastern Division	
1942 Crop Oats and Barley Equalization Funds — P.C. 4450.....	
1943 Crop Oats Equalization Fund — P.C. 4450 and 8898	
1944 Crop Barley Equalization Fund — P.C. 5998.....	
Total Oats and Barley.....	
Total — all Accounts.....	

WHEAT BOARD

PAYMENTS TO PRODUCERS

July 1947

Total Amounts Payable to Producers	Cheques Cashd by Producers to 31st July 1947	Balances Payable to Producers as at 31st July 1947
\$ 26,081,800.16	\$ 25,836,123.44	\$ 245,676.72
15,305,476.69	15,137,119.37	168,357.32
19,692,770.12	19,498,910.67	193,859.45
36,725,167.12	32,325,571.92	4,399,595.20
65,486,765.07	—	65,486,765.07
<u>163,291,979.16</u>	<u>92,797,725.40</u>	<u>70,494,253.76</u>
188,226.09	185,184.48	3,041.61
<u>262,114.91</u>	<u>251,611.71</u>	<u>10,503.20</u>
<u>450,341.00</u>	<u>436,796.19</u>	<u>13,544.81</u>
1,570,750.97	1,564,999.51	5,751.46
8,867,004.74	8,836,558.68	30,446.06
<u>6,106,932.94</u>	<u>6,067,787.27</u>	<u>39,145.67</u>
<u>16,544,688.65</u>	<u>16,469,345.46</u>	<u>75,343.19</u>
<u>\$180,287,008.81</u>	<u>\$109,703,867.05</u>	<u>\$ 70,583,141.76</u>

THE CANADIAN
STATEMENT OF PROVISIONS
To 31

	Original Provisions	Payment Costs and Other Adjustments to 31st July 1946
1940 Wheat Crop Account.....	\$ 320,850.00	\$ 392,476.32
1941 Wheat Crop Account.....	178,250.00	223,048.11
1942 Wheat Crop Account.....	213,900.00	258,065.90
1943 Wheat Crop Account.....	495,000.00	11,852.30
1944 Wheat Crop Account.....	552,500.00	—
Total Wheat — Western Division.....	1,760,500.00	885,442.73
1944 Ontario Wheat Equalization Fund — P.C. 1638.....	13,751.58	10,677.11
1945 Ontario Wheat Equalization Fund — P.C. 4646.....	13,684.48	—
Total Wheat — Eastern Division.....	27,436.06	10,677.11
1942 Crop Oats and Barley Equalization Funds — P.C. 4450.....	73,866.70	58,337.00
Prairie Farm Assistance Act levy cancelled.....	—	—
1943 Crop Oats Equalization Fund — P.C. 4450 and 8898	100,798.49	91,046.00
1944 Crop Barley Equalization Fund — P.C. 5998.....	75,738.31	60,695.00
Total Oats and Barley.....	250,403.50	210,078.11
Total — all Accounts.....	\$2,038,339.56	\$1,106,196.94

HEAT BOARD

FOR FINAL PAYMENT EXPENSES

July 1947

Payment Costs Year Ended 1st July 1947	Exchange, Commissions and Other Adjustments 1946-47 Year	Balance of Original Provisions	Interest Credits on Surplus Funds to 31st July 1947	Balance as at 31st July 1947
\$ 24,659.90	\$ 224.46	(\$96,510.68)	\$ 340,670.77	\$ 244,160.09
15,642.37	112.04	(60,552.52)	245,819.24	185,266.72
16,161.75	152.32	(60,480.00)	311,910.23	251,430.23
146,323.92	28,841.36	307,982.38	104,756.60	412,738.98
5,664.08	(5,142.33)	551,978.25	—	551,978.25
208,452.02	24,187.85	642,417.43	1,003,156.84	1,645,574.27
1,584.81	554.01	935.63	1,606.30	2,541.93
12,631.27	2,191.39	(1,138.18)	1,511.21	373.03
14,216.08	2,745.40	(202.55)	3,117.51	2,914.96
722.53	(3.91)	14,810.71	21,484.04	
—	—	—	15,707.52	52,002.27
2,294.71	33.48	7,423.42	78,071.54	85,494.96
4,096.14	1,849.82	9,096.71	36,706.50	45,803.21
7,113.38	1,879.39	31,330.84	151,969.60	183,300.44
229,781.48	\$28,812.64	\$673,545.72	\$1,158,243.95	\$1,831,789.67

THE CANADIAN SCHEDULE OF ADMINISTRATION AND ALLOCATION

For the year ended

Administrative and general expenses:

Salaries — Board members, officers and staff.....	\$1,271,721.2
Unemployment insurance	7,436.1
Advisory Committee — travelling expenses and per diem allowance	5,305.4
Rental and lighting of offices, including maintenance of Wheat Pool Building	67,971.9
Telephone — exchange service and long distance calls.....	31,857.6
Telegrams and cables.....	41,628.7
Postage and excise stamps.....	43,027.0
Printing and stationery.....	53,075.5
Office supplies and expenses.....	19,052.5
Travelling expenses	36,725.5
Travelling expenses — Inspectors.....	44,659.1
Legal fees	100.0
Audit fees	54,500.0
Tabulating equipment — rental and supplies, etc.....	69,045.0
Repairs and upkeep of office machinery and equipment.....	2,375.0
Grain market publications.....	2,026.0
Bonds and insurance.....	3,622.0
Grain Exchange dues.....	1,200.0
Express, freight and cartage on stationery, etc.....	6,069.0
Bailee bank expenses, bank charges, etc.....	1,957.0
Alterations to offices and fixtures.....	4,319.9
Depreciation on furniture, equipment and automobiles.....	9,390.4
Total administrative and general expenses for the year ended 31st July 1947.....	<u>\$1,777,067.7</u>

WHEAT BOARD

AND GENERAL EXPENSES

FOR OPERATIONS

as July 1947

Allocations to operations:

1. Marketing Producers' wheat (including adjustments of initial payments):				
Western Division —				
1945-49 Pool Account — P.C. 3222.....				\$1,069,082.32
1944 Crop Account.....				30,000.00
				<u>1,099,082.32</u>
2. Distributing final payments to Producers:				
(a) Western Division — Wheat:				
1944 Crop Account.....		\$ 5,664.08		
1943 Crop Account.....		146,323.92		
1942 Crop Account.....		16,161.75		
1941 Crop Account.....		15,642.37		
1940 Crop Account.....		24,659.90		
		<u>208,452.02</u>		
(b) Eastern Division — Wheat Equalization Funds:				
1945 Ontario Wheat — P.C. 4646....	\$12,631.27			
1944 Ontario Wheat — P.C. 1638....	1,584.81		14,216.08	
	<u>14,216.08</u>			
(c) Western Division — Oats and Barley:				
1944 Barley Equalization Fund — P.C. 5998	4,096.14			
1943 Oats Equalization Fund — P.C. 4450 and 8898.....	2,294.71			
1942 Oats and Barley Equalization Funds — P.C. 4450.....	722.53	7,113.38	229,781.48	
	<u>722.53</u>	<u>7,113.38</u>		
3. Special operations on behalf of Dominion of Canada:				
Crown Wheat Account — P.C. 7942 and 1116		11,134.80		
1946 Ontario Wheat Payments Account....		7,441.23		
1946 Crop Account, Flax Division — P.C. 3222		22,200.49		
1945 Crop Account, Flax Division — P.C. 2550		2,139.93		
Oats and Barley Account — P.C. 1292....		58,150.42		
1946 Oats and Barley Equalization Funds — P.C. 3222 and 1292.....		85,349.75		
1945 Oats and Barley Equalization Funds — P.C. 2550 and 6238.....		7,908.28		
1944 Oats Equalization Fund — P.C. 5998		50.00		
1943 Barley Equalization Fund — P.C. 4450 and 8898		50.00		
1946 Crop Account, Seeds Division — P.C. 3222		4,095.74		
Drawback Account — P.C. 3922.....		45,218.05		
Delivery Quotas and Permit Regulations, Etc.		204,460.08	448,198.77	
		<u>204,460.08</u>	<u>448,198.77</u>	
				<u>\$1,777,062.57</u>

PART IV
AUDITORS' REPORT

MILLAR, MACDONALD & CO.

CHARTERED ACCOUNTANTS

15th March 1948

To The Canadian Wheat Board,
Winnipeg, Manitoba.

Gentlemen:—

We have conducted an audit of the books and accounts of The Canadian Wheat Board for the fiscal year ended 31st July 1947, and have made an examination of the Consolidated Balance Sheet and related statements of operations and schedules as enumerated in the Index appearing in Part III of the Report of the Board.

In the course of our audit we have examined vouchers and other documentary evidence in support of grain and financial transactions and have received all the information and explanations which we have required from members, officers and employees of the Board. The transactions have been verified in such detail and to such extent as we have considered adequate in view of the system of internal accounting control maintained by the Board.

The surplus on 1945-49 Pool Account has been determined after valuing unsold stocks of cash wheat at \$1.55 per bushel basis One Northern in store Fort William/Port Arthur or Vancouver, and without provision for carrying costs, interest, etc., beyond 31st July 1947.

We have received certificates from bankers in verification of funds on deposit, and the Bank of Canada have confirmed direct to us that as at 31st July 1947 they held in safekeeping for the account of The Canadian Wheat Board, Dominion of Canada bonds having a par value of \$75,000,000.00. We have verified the calculation of accrued interest on these bonds to 31st July 1947. We have examined grain documents on hand, and have obtained certificates from bankers covering grain documents held by them for the account of the Board, in verification of stocks of grain in store terminal elevators and mills. Stocks of grain in the custody of Agents and in country elevators have been verified by reference to grain records maintained by the Board in which reports submitted by Agents are regularly recorded. In our opinion the asset "stocks of cash grain, etc., \$77,634,003.37" is correctly stated in terms of the valuation bases indicated on the Consolidated Balance Sheet. Satisfactory evidence has been produced for our inspection in verification of all other assets.

We have checked the computations of the liability to Agents for grain purchased but not yet delivered, and have verified the amounts due to Producers on miscellaneous accounts and on outstanding Producers' Certificates. The Provisions for Final Payment Expenses include interest credits on Producers' surpluses in process of payment; this reserve may finally prove to be in excess of the actual costs of completing the various final payments to Producers. Other liabilities have been verified by reference to creditors' statements and other data and are correctly stated to the best of our information and belief.

Order-in-Council P.C. 1292 of 3rd April 1947 vested all oats and barley in commercial channels in The Canadian Wheat Board. All of the oats and barley affected by the said Order have been received from the various grain companies with the exception of 40,000-00 bushels of 3 C.W. barley which is held by one company. An action has been commenced in Court of King's Bench to obtain possession of this barley. In respect of the oats and barley which were received, a substantial portion was delivered to the Board "under protest".

In terms of the foregoing, we report that in our opinion the Consolidated Balance Sheet and related statements of operations and schedules as enumerated in the Index appearing in Part III of the Report of the Board, are properly drawn up so as to exhibit respectively a true and correct view of the financial position of The Canadian Wheat Board as at 31st July 1947, and of the results of its operations for the periods ended on that date, according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO.

Chartered Accountants,

Auditors.

MILLAR, MACDONALD & Co.
CHARTERED ACCOUNTANTS

19th August 1947

To The Canadian Wheat Board,
Winnipeg, Manitoba.

Gentlemen:—

We report that we have examined the books and accounts of The Canadian Wheat Board in which are separately recorded all transactions arising from the sale of wheat delivered to the Board by Producers in the Western Division during the crop year from 1st August 1944 to 31st July 1945. Marketing operations on this account were commenced on 1st August 1944 and were completed on 31st July 1946.

We have reviewed the system of internal control and the accounting procedures of the Board and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures we considered necessary.

The surplus from the operations of the Board on 1944 Crop Account, Western Division, for the period from 1st August 1944 to 31st July 1946 was \$65,087,690.34 as shown by the accompanying Statement of Operations. The amount available at 30th November 1947 for final payments on participation certificates in the hands of Producers in connection with the 1944 Crop Account is \$66,019,001.69 computed as follows:—

Surplus on operations to 31st July 1946.....		\$65,087,690.34
Add: Interest thereon to 31st July 1947.....		1,618,433.33
		<u>\$66,706,123.67</u>
Deduct: Prairie Farm Assistance Act levy....	\$666,858.60	
Estimated cost of issuing final payments	552,500.00	1,219,358.60
		<u>\$65,486,765.07</u>
Add: Interest on the surplus for the period from 1st August 1947 to 30th November 1947		532,236.62
		<u>\$66,019,001.69</u>

Deliveries to the Board on 1944 Crop Account totalled 354,616,509-10 bushels, of which 352,396,905-00 bushels were purchased from Producers and 2,219,604-10 bushels were purchased from Agents of the Board, representing principally country elevator overages for which no Producers' Certificates were issued. All of the foregoing deliveries were purchased basis \$1.25 per bushel for One Northern in store Fort William/Port Arthur or Vancouver. There was no specific provision in The Canadian Wheat Board Act, 1935, authorizing the purchase and sale of overages. Your Solicitor, Mr. H. B. Monk, K.C., has expressed the opinion that the Board had the power to acquire overages without additional authority.

During the period of marketing operations the average selling price of One Hard or One Northern wheat in store Fort William/Port Arthur or Vancouver was \$1.48013 per bushel. After including the profit resulting from the marketing of overages, the final price available to Producers for One Hard or One Northern wheat was raised to \$1.48159 per bushel. The fixed initial payment to Producers of these grades was \$1.25 per bushel, and the average cost for storage, interest,

and all other expenses was 4.482 cents per bushel leaving a surplus of 18.677 cents per bushel payable to Producers who delivered the foregoing grades of wheat to the Board. The final payment for grades other than One Hard and One Northern will also be 18.677 cents per bushel excepting in cases where certain of these grades were sold by the Board at discounts under One Northern less than those at which the same grades were purchased from Producers.

In our opinion the accompanying Statement of Operations is properly drawn up so as to exhibit a true and correct view of the financial results of operations on 1944 Crop Account, Western Division, for the period from 1st August 1944 to 31st July 1946 according to the best of our information, the explanations given to us, and as shown by the books of The Canadian Wheat Board. We have obtained all the information and explanations which we have required from members of the Board and from its officers and employees.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

THE CANADIAN
1944 Crop Account
STATEMENT
For the period from 1st August 1944 to 31st July 1946

Wheat acquired:

Purchased from Producers at Board fixed prices basis in store Fort William/
Port Arthur or Vancouver.....

Purchases of country elevator overages, etc. at Board fixed prices basis in
store Fort William/Port Arthur or Vancouver.....

Wheat sold:

Completed sales at realized prices, basis in store Fort William/Port Arthur
or Vancouver:

Sales at Class II prices.....

Sales under authority of Order-in-Council P.C. 1116 of 20th
February 1945:

Section 2A — Interim Mutual Aid.....

Section 3 — Replenishment account.....

Section 8 — Domestic

Add: Additional differential charges, storage and interest recovered.....

Net proceeds from sales.....

Surplus on cash wheat transactions.....

Add: Funds transferred from the 1945 Crop Account under authority of
Order-in-Council P.C. 4869 of 26th November 1946, so that the provision
of wheat for domestic purposes shall be more equitably divided between
the 1944 and 1945 Crop Accounts.....

Deduct: Carrying costs, interest, administrative and general expenses, etc.

Carrying charges:

Carrying charges on wheat stored in country elevators.....

Storage on wheat stored in terminal elevators and mills.....

Interest and bank charges.....

Additional freight on wheat shipped to Fort William/Port Arthur
from points tributary to Vancouver.....

Handling, stop-off and diversion charges on wheat warehoused at
interior terminals

Drying, reconditioning charges, grade adjustments, etc.....

Administrative and general expenses.....

Deduct: Carrying costs recovered from Crown Wheat Account under
authority of Section 10 of Order-in-Council P.C. 1116
of 20th February 1945.....

Surplus from the operations of the Wheat Board
on 1944 Crop Account, Western Division, for the
period from 1st August 1944 to 31st July 1946.....

Approved:

GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

F. ARNOLD,
Commissioner

EAT BOARD

ern Division

RATIONS

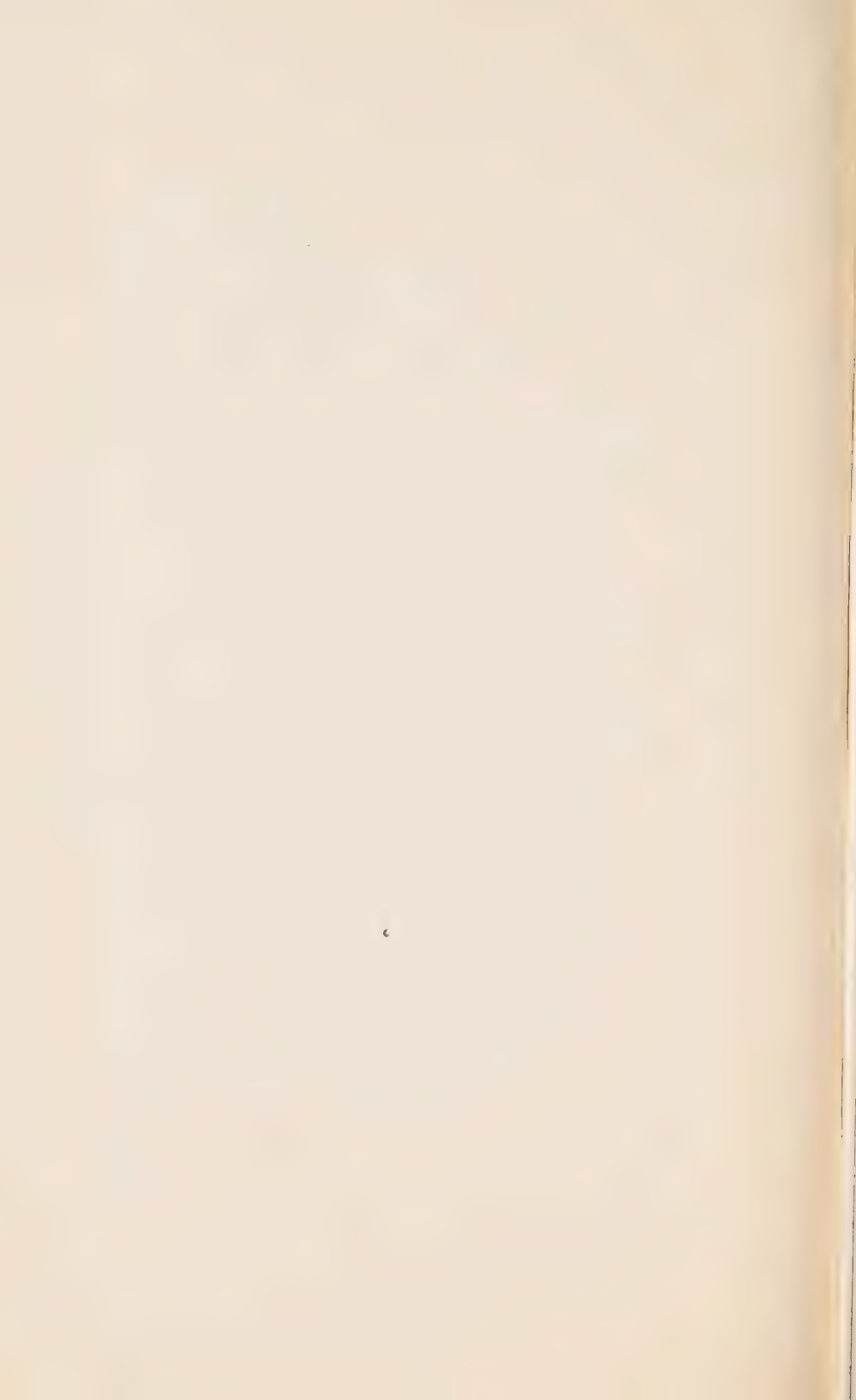
to 31st July 1946

Bushels		Amount	
	352,396,905-00		\$427,916,282.62
	2,219,604-10		2,716,600.58
	<u>354,616,509-10</u>		<u>\$430,632,883.20</u>
	147,830,670-03		\$223,447,546.04
311,877-10		\$ 71,187,795.86	
191,831-57		106,595,092.04	
082,130-00	206,785,839-07	<u>99,216,277.79</u>	276,999,165.69
			<u>1,555,647.94</u>
	<u>354,616,509-10</u>		<u>502,002,359.67</u>
			71,369,476.47
			<u>12,000,000.00</u>
			83,369,476.47
		\$ 10,482,427.53	
		<u>6,958,997.84</u>	\$ 17,441,425.37
			3,371,405.59
			1,660,651.48
			69,223.83
			113,766.80
			<u>735,014.39</u>
			23,391,487.46
		<u>5,109,701.33</u>	<u>18,281,786.13</u>
			<u>\$ 65,087,690.34</u>

This is the Statement of Operations which is referred to in our report of this date attached hereto.

ipeg, Manitoba,
August 1947.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.



March 1982

BINDING SECT.

JUN 23 1982

